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NEWS SUMMARY

GENERAL

Blow to Olympic team funds

A hundred leading industrialists and businessmen yesterday withdrew from Britain's Olympic Appeal Council in support of the Government's stand against the Soviet invasion of Afghanistan.

The council was set up last year to raise money, mainly from big businesses, to send teams to the Moscow Games. It had already raised £100,000.

British Olympic Association chairman Sir Denis Follows said he was very sad at the decision but fully understood the difficulties faced by businessmen. Back Page

Petrol price up

Shell raised its wholesale petrol prices by 2.41p a gallon—equivalent to about 3p a gallon at the pump. Other companies are expected to follow suit. Back Page

Boy strangled

Body of 10-year-old Graham Timmins, who had been missing since Sunday, was found only a few hundred yards away from his home in Wednesbury, West Midlands. Police said he had been strangled.

Refugees riot

Hundreds of U.S. troops were sent to Fort Chafee, Arkansas, after 3,000 Cuban refugees, angry at delays in their resettlement, went on the rampage through the army base, setting fire to buildings. Page 5

Primaries end

U.S. presidential primary campaign ends today with President Carter on the verge of achieving victory over Senator Edward Kennedy for the Democratic nomination. Pages 5 and 18

Guyana 'coup plot'

Guyana police have arrested 16 people accused of plotting to overthrow the Government of Prime Minister Forbes Burnham.

Pope's warning

Pope John Paul ended his four-day visit to France with a warning that the world's political balance was fragile and could be at risk of nuclear war. Page 2

1,000 quit island

Nearly 1,000 refugees were evacuated from the rebel held New Hebrides island of Espiritu Santo as French and British Ministers conferred in Paris on ways to end the breakaway movement. Page 4

Gallagher charged

Henry Gallagher was remanded in custody by Ramsgate magistrates accused of murdering the Rev. Edward Hull and his housekeeper.

Flats collapse

Three young sleeping sisters escaped serious injury when a Glasgow tenement block collapsed and their bed plunged 50 ft into the ground floor pub.

Gandhi in control

Indian Prime Minister Indira Gandhi's Congress (I) Party won easy victories in eight out of nine State elections and now has almost complete control of the country. Page 4. Editorial Comment Page 18

Briefly . . .

BBC and the Central Broadcasting Administration of China signed a co-operation agreement on radio and television.

Iraqi helicopters machine gunned a group of Turkish peasants who had crossed into Iraq, killing 10. Growing power of Turkish Right, Page 2

Train collision in Sweden left at least 10 dead and more than 50 injured.

BUSINESS

Gilts off 0.59; equities fall 3.2

● GILTS saw nervous selling on predictions of no early cut in the Minimum Lending Rate, with losses in longs extending to over a point and mediums to ½. The Government Securities Index lost 0.59 to 67.11. Page 32

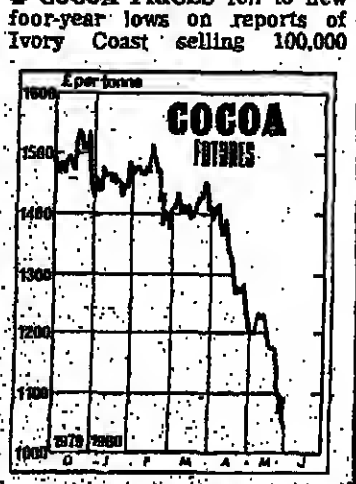
● EQUITY leaders drifted lower in a dull session, although oils and golds attracted buyers. The FT 30-share index lost 3.2 to 412.7. The Gold Mines index rose 6.4 to 339.2. Page 32

● STERLING lost 75 points to $2.3375, and its trade-weighted index was 74.2 (74.1). DOLLAR was generally firmer and its index rose to 84.2 (84.0). Page 29

● GOLD rose $23 an ounce in London to $558.50, the highest since mid-March. Page 29

● WALL STREET was 0.68 lower at 850.17 before the close. Page 30

● COCOA PRICES fell to new four-year lows on reports of Ivory Coast selling 100,000



tonnes of surplus stock, but rallied later. The July position closed £11.5 down at £1,041.5 a tonne. Page 31

● BRITISH AIRWAYS is discussing with Boeing of U.S. the possibility of buying a new "stretched" version of the 747 Jumbo jet capable of seating about 500 passengers. Page 9

● USING the Treasury's public sector borrowing requirement figures as a basis for controlling local authority spending has been criticised by the Chartered Institute of Public Finance and Accountancy. Page 8

● FORMER Takeover Panel head, Mr. David MacDonald, is expected to become the next chief executive of Antony Gibbs, the small merchant bank acquired by a Far East group. Back Page

● LUCAS Electrical is expected to call for more than 2,500 redundancies at its Midland plants when it meets union leaders tomorrow. Page 7

● LEADERS of the National Union of Railwaymen have accepted London Transport's offer of 20 per cent pay rises for Underground workers, which other rail unions have accepted in principle. Page 11

COMPANIES

● ALFRED HERBERT, the State-owned machine tool group, has reached "an understanding" to sell its profitable Herbert Tooling subsidiary to Clarkson International, a Thorn EMI subsidiary. Back Page

● BAMFORDS, maker of farm machinery, said steps had been taken to place the company in voluntary liquidation. Back Page

● J. SAINSBURY properties on the open market have been revalued at £132m over the book value of £144m, according to a survey by company staff on March 1, 1980. Page 21; Lex, Back Page

● ANGLO AMERICAN Corporation of South Africa has raised last year's profits by 52 per cent to a record R306.6m (£167m). Page 22

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES			
Berisford (S. & W.)	137	+	8
Booker McConnell	220	+	8
Cawoods	190	+	4
Coral Leisure	65	+	4
East Midland Allied	81	+	4
European Ferries	137xd	+	8
Eva Inds.	55	+	5
Natnl. Carbonising	121	+	9
Ottoman Bank	863	+	9
Ratners (Jewellers)	61	+	4
Rush & Tompkins	208	+	14
Wilkinson Match	115	+	10
Attock Oil	268	+	26
BP	344	+	10
Burmah Oil	215	+	12
Century	165	+	11
LASMO	680	+	32
Shell Transport	388	+	8
Siebens (UK)	910	+	35
Ultramar	354	+	14
Gold Mines of Kalgoorlie	280	+	26
Poseidon	167	+	22
FALLS			
Excheq. 11½% 1991	£93⅞	−	⅞
Treas. 13¼% 2004-08 (£50 pd.)	£50¼	−	1⅛
Bilton (Percy)	190	−	5
British Sugar	195	−	4
Borco-Dean	30	−	4
Comet Radiovision	74	−	5
De La Rue	630	−	20
Dunhill (Alfred)	285	−	10
Farnell Elec.	246	−	8
Lucas Inds.	190	−	5
Moss Bros.	222xd	−	8
Reed Int.	163	−	4
Stock Conversion	390	−	12
Thorn EMI	260	−	6

Labour protests as Cabinet accepts EEC budget deal

BY RICHARD EVANS, LOBBY EDITOR

THE CABINET yesterday accepted with relief the latest Common Market budget formula, bringing near a conclusion to the bruising 12-month conflict that threatened to disintegrate the European Community.

Ministers regarded the deal as a significant advance on anything offered previously by Britain's partners, and the Cabinet took no more than an hour to endorse it.

There were furious protests from Labour leaders at the failure to reach the original goal of broad balance between contributions and receipts, and at the impact on food prices. But Conservative MPs overwhelmingly favoured the formula.

The Cabinet's decision was relayed immediately to the Italian Government, which currently holds the Community presidency, and to the Commission.

Subject to the decisions of the other EEC governments, ministers expect the package to be finalised at or before the Venice summit on June 12 and 13.

The broad terms of the agreement reached by Lord Carrington and his fellow Foreign Ministers at a marathon session in Brussels last week are:

1—Britain's estimated budget payment of £1.1bn will be reduced by £710m in 1980 and £860m in 1981, with a commitment to a similar reduction in 1982.

2—A linked agreement that EEC farm prices should rise by 5 per cent, plus the introduction of a new system of support for lamb producers.

3—A proposal that the EEC should seek a permanent restructuring of the budget system next year "to prevent the recurrence of unacceptable situations" for member states.

In his statement to Parliament, Lord Carrington said that, in such a complex negotiation, no one party could expect to get everything wanted and concede nothing. There should be no belittling of the concessions Britain's partners were making when the general economic background was unfavourable.

"With this arrangement, Britain can play her part in developing further the internal and external policies of the Community without the sense of festering grievance which her excessive contribution to the Community budget engendered," he said.

There was an unrivalled opportunity to bring about sensible adjustments to the operation of the Common Agricultural Policy and to put the Community's finances on a sounder basis than before.

Mr. Peter Shore, Shadow Foreign Secretary, said the deal was not acceptable to the nation and would only intensify the deep dissatisfaction with the Common Market. With "a little more nerve and persistence," the Prime Minister could have eliminated Britain's net contribution.

The package was regarded at Westminster as a vindication of Mrs. Thatcher's aggressive negotiating tactics, which some Ministers had feared would bring the Community close to collapse after the failure to agree at Dublin and at Luxembourg.

Some MPs regarded it as significant that Mrs. Thatcher was not present at the final Brussels session and that most praise should be given to Lord Carrington.

Bonn likely to approve deal Page 3 ● Parliament Page 10 ● Effects on farming Page 31 ● Lex Back Page

Sabotage campaign fear as Sasol plants are hit

BY QUENTIN PEEL IN JOHANNESBURG

SOUTH AFRICAN security chiefs yesterday warned of a concerted campaign of economic sabotage after a midnight attack on three major oil installations, including two of the pioneering Sasol oil-from-coal plants.

Millions of gallons of petrol, diesel, aviation fuel and chemicals were destroyed in fires which raged throughout the day following the bombing of storage tanks at Sasol's National Petroleum Refinery (Natref) and the Sasol 1 synthetic fuel plant at Sasolburg, south-west of Johannesburg.

A similar attempt on the huge new Sasol II plant at Secunda, in Eastern Transvaal, failed to cause serious damage.

The concerted attacks, which occurred within minutes of each other, at the three plants, were the biggest operation of economic sabotage ever carried out in South Africa.

Responsibility for the attacks was claimed in London yesterday by the banned African National Congress.

Police cordoned the town of Sasolburg yesterday, with reinforcements from the Witwatersrand area, but failed to trace the saboteurs. The only man seen during the attacks was a gunman who shot a security guard in the shoulder. There were no other casualties.

Government Ministers yesterday promised urgent action to increase security at strategic installations — which could include the drafting of South African Defence Force units to guard them.

However, they admitted that the operation showed the South African Government was facing an increasingly sophisticated attack in the latest guerrilla campaign.

The attacks coincided with the opening, in Pretoria, of a trial of nine alleged members of the African National Congress, following the occupation of a bank in the suburb of Silverton in February, in which three gunmen and two hostages died.

It comes in the middle of continuing unrest in African, coloured (mixed race) and Indian townships, where thousands of children are refusing to attend school in protest at their "inferior education."

First estimates of the cost of the attacks put the damage at some R1.5m (£800,000), and lost fuel at R4.3m. Sasol officials said that it would not cause any serious fuel shortages.

Mr. Joe Stegman, managing director of Sasol, said only a small proportion of tanks at the plants had been affected, while the damage at Sasol II, where seven bombs exploded, was not serious. He said production had not been affected at any of the plants. He promised a review of security.

The Natref plant is the smallest of South Africa's four crude oil refineries, with a capacity of some 75,000 barrels a day. It is 52.5 per cent owned by Sasol, 30 per cent by total and 17.5 per cent by the National Iranian Oil Corporation.

Sabotage stresses vulnerability Page 4

UK wins orders for six ships

BY WILLIAM HALL, SHIPPING CORRESPONDENT

BRITISH SHIPBUILDERS is close to meeting its target order book several months ahead of schedule. It has won orders for six ships worth £55m, bringing its total new orders in the last nine months to 1m dead weight tonnes, worth £350m.

All six ships will be built for Far East owners and British Shipbuilders has broken into the important Chinese market with an order for two ships for China Merchants Steam Navigation. These vessels are the first to be ordered in the UK by China since 1967.

British Shipbuilders announced the £55m orders at the opening of the Posidonia International Shipping Exhibition at Piraeus in Greece yesterday. The Wearside yard of Austin and Pickersgill has won orders for two SD 14 15,000 dwt general cargo ships, worth about £10m, for China, and two 26,000 dwt bulk carriers, worth about £20m, for an undisclosed Far Eastern owner. Delivery is scheduled for March and February 1982.

In addition, Govan Shipbuilders on the Clyde has won orders for two 66,200 dwt Panamax bulk carriers, worth about £25m, for C. Y. Tung of Hong Kong.

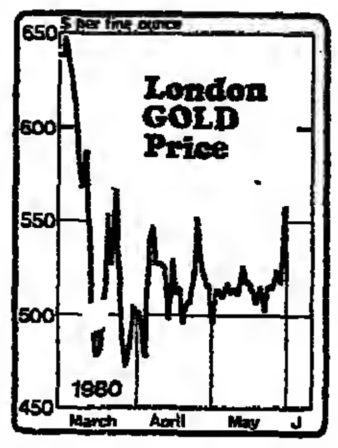
In London the Industry Department confirmed that it is considering subsidising all six orders from its intervention fund. Of the £120m available over the two financial years 1979-81, £8.5m has been used in the first 10 months.

With orders picking up, the volume of subsidies is likely to increase considerably, although there is still an upper limit of 25 per cent of a contract price.

Last autumn, British shipbuilders set itself a target of winning 45 new orders before August this year to carry its "core" shipyards over the period while it ran down its workforce.

Mr. John Parker, British Shipbuilders' acting chief executive, said yesterday the corporation had won orders for 42 of the 45 ships.

Tung acquires 37.5 per cent of Manchester Liners, Page 25



Gold at 10-week high

BY PAUL CHEESERIGHT

THE INTERNATIONAL gold price yesterday rose to its highest level for 10 weeks as concern about events in the Middle East and South Africa fuelled speculative interest in Hong Kong and London.

The London closing price was $558.50 an ounce, a rise of $23 since last Friday's close, and the biggest one-day net gain for a month.

The strength of gold influenced the firmness of the silver price, whose cash quotation on the London Metal Exchange closed 41.5p higher than on Friday at 621.5p an ounce.

The impetus for the rise in the London gold price came from the weekend trading in Hong Kong, which had attracted considerable Middle East interest. Rumours, later denied, that two American hostages in Tehran had been shot stimulated buying.

The attack on Sasol oil installations in South Africa acted as a further stimulus to the market, so that London's opening price of $560.50 closely reflected the Hong Kong close.

The London price touched $570 at one stage and then fell back gradually to finish at a low point for the day. But trading was active, especially in the morning, underlining the sensitivity of the market to the international political situation.

But the high speculative tension, which last January had pushed the gold price to $850, was lacking. Dealers suggest that the price is now lodged between $500 and $600 although it may fluctuate quite sharply in response to events in troubled areas like the Middle East.

£ in New York

—	May 30	Previous
spot	$2.3490-3510	$2.3340-3370
1 month	1.55-1.25 dis	1.52-1.44 dis
3 months	3.77-3.62 dis	4.00-3.90 dis
12 months	8.30-8.10 dis	8.65-9.45 dis

Riots follow West Bank bomb attacks

BY DAVID LENNON IN TEL AVIV

RIOTING broke out on the Israeli-occupied West Bank yesterday after booby-trap bomb assassination attempts against three prominent mayors, which left two of them seriously wounded.

Palestinians immediately blamed militant Jewish settlers for the attacks and a three-day protest strike was called.

Mr. Menahem Begin, the Prime Minister, condemned what he called "these criminal acts" but devoted most of a Knesset speech to denouncing the pending European initiative to bring the Palestinians into the peace negotiations.

Mr. Begin questioned Europe's right to undertake such an initiative. He accused "all the people of Europe" of "co-operating with the destroyer" by handing Jews over to the Nazis.

Condemning any European move to support the Palestine Liberation Organisation, he said the Europeans "have no moral right to recognise the organisation of murderers who only last night resolved to wipe out the Jewish state." This was a reference to the hard line taken by Al Fatah—the main guerrilla organisation—at a conference in Damascus.

Mr. Begin congratulated President Carter on his declaration that he would oppose the European initiative.

But any lingering hope that Israel may have had of bringing even moderate Palestinians into the peace process appears to have been extinguished by the bombs which rocked the West Bank.

In Gaza, the conservative mayor and the municipality resigned in protest at the attacks.

EEC peace initiative

The EEC may try to launch its Mid-east peace initiative next week when heads of Government will discuss at their summit in Venice the possibility of holding a first ministerial-level meeting with the Arab League since the Euro-Arab dialogue was created nearly six years ago. Back Page

Riots erupted in a number of places on the West Bank and two Palestinian youths were shoot while stoning soldiers. In Hebron seven Palestinians were injured by a grenade blast which appeared to be connected with the other bombings. There were commercial strikes in some towns and reinforced military patrols were called in to maintain order.

Mr. Bassam Shaka, the mayor of Nablus, and Mr. Karim Khalaf, the mayor of Ramallah, were both seriously wounded when their cars blew up as they entered them yesterday morning. A third mayor, Mr. Ibrahim Tawill of el-Bireh, had a narrow escape but the Israeli army sapper sent to examine his car was seriously injured when a bomb blew up as he opened the garage door.

Mr. Shakah had both legs amputated and last night the hospital said his life was in danger. Mr. Khalaf lost his left foot and sustained other injuries but the hospital said his condition was satisfactory.

Baghdad cancels Minister's visit, Page 4

FT interbank rates service

BY NICHOLAS COLCHESTER

THE FIRST of a daily series of "fixings" of London interbank Eurodollar interest rates appears in today's Financial Times on the Currencies, Money and Gold page. (Page 29).

Their appearance reflects the well-established importance of LIBOR (London Interbank Offered Rate) as the rate to which the cost of a very large proportion of international finance is now pegged. Eurodollar loans are now the main means of funding balance of payment deficits the world over and most of these carry terms related to LIBOR.

In line with standard practice, the FT London interbank fixing will take place at 11.00 am every weekday and will be published the following day, with the Friday rates appearing on Monday.

The bid and offer interest rates for three month and six month Eurodollars published will be the average of those for deposits of $10m quoted to five "reference banks." These rates are to be recorded by the London money desks of Morgan Guaranty Trust, Banque Nationale de Paris, Deutsche Bank, Bank of Tokyo and National Westminster Bank.

NB

"The second half of the 1980s is really going to see a boom here in New Zealand . . . I don't think many British manufacturers have any real concept how good this market could be . . . I really cannot urge British manufacturers strongly enough to take a look at the new opportunities that have arisen over the last nine months."

—Mr. Cyril A Holmes, First Secretary, Commercial, of the British High Commission in Wellington, New Zealand, quoted in the March 1980 edition of "Export Times".

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CONTENTS

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Metin Munir looks at the growing power of an extreme right-wing party in Turkey

Grey Wolves advance in a bleak landscape

TURKEY'S EXTREME right-wing Nationalist Action Party (NAP) recently decided to bullet-proof the cars of its top officials. The party's own private bodyguards contacted an Istanbul busioessman, who owned the country's only bullet-proofing plant, drove him to a firing range in one of his armour-plated cars, pulled out their machine pistols, and asked him to sit behind the wheel while they had a go at him.

"He refused," said one of the bodyguards with a smile. "So I told bim to bullet-proof our cars so he would not refuse."

The guards had every reason to be meticulous. Turkey is suffering from the worst plague of terror in the world. NAP members are amoog the principle targets io an undeclared civil war, waged mainly between extreme left and right-wing combatants, which is tearing the country apart. The extreme Left is splintered ioto innumerable groops, embracing many shades of Marxism, but the extreme right-wing terrorists are united behind the ideology of the NAP and are loyal to Mr. Alpaslan Turkes, its chairman or Basbug (commander in chief of Turcic armies io Asia).

Mr. Alpaslan Turkes: widespread fear of the militant extremists among his supporters.

The Mercedes, owned hy Mr. Gun Sazak, the NAP's deputy leader, was not bullet-proof but would not have saved him even if it had been. The terrorists, wbo hid amnng the chestnut trees near his home in Ankara last Tuesday night, waited until be got out nf bis car. They shot the 47-year-old bespectacled and balding politician as be was unloading a picnic basket from the boot. Mr. Sazak did not bave time to draw his own pistol. He died on the way to bospital.

Mr. Sazak was the most senior politician to bave been killed by terrorists in Turkey in decades. After students, professors, journalists, prosecutors, judges, provincial politicians, policemen, and soldiers, terrorists have now started turning their guns on senior politicians.

The martial law administration, under which balf of the population lives, has been unable to stem the tide. Nobody seems to be safe from assassination.

There are widespread fears that Mr. Turkes's militants, the Grey Wolves, will undoubtedly pin the blame of Mr. Sazak's murder on the Communists regardless of who actually committed it, and may engage in new assassinations in vengeance. The targets might be members of Mr. Bulent Ecevit's Social Democratic Repnhlican Peoples Party (RPP) of prominent politicians further to the left.

Mr. Turkes, now in his early 70s, started his career as an army officer. In his 20s he was gaoled for propagating Pan-turanism, the unification of all Turks under one flag. When the army overthrew the Menderes regime in the 1960 revolntion, be was a colonel and became a powerful member of the ruling military junta. But he was subsequently purged for allegedly harbouring dictatorial aspirations and opposing the transfer of power to civilians. In the early 1960s, he was once more gaoled on charges of participating in an unsuccessful military conp but was acquitted.

Mr. Turkes and some former army colleagues then engineered a civilian coup and took over the party of which be is now the undisputed Bashug.

For most of the 1960s and early 1970s, Mr. Turkes was the sole representative of his party in parliament. A severe man, he is always dressed in dark clothes, with a profile like an eagle with predatory thoughts.

His philosophy is based in extreme nationalism tinged with nostalgia for past grandeur and future hopes of uniting all Turks. He is committed to fanatical anti-Communism and discipline.

In the eyes of Mr. Ecevit aod the Left in general, Mr. Turkes is no better than a new Hitler or Mussolini. "I say God damn Fascism and Nazism," ripostes Mr. Turkes, who claims that it is a routine trick of Communists to label nationalists as Fascists.

Tbe Grey Wolves hark back to a legendary beast whicb led Turkisb tribes from the famine-stricken steppes of Central Asia to a new homeland in Asia Minor.

The modern Grey Wolves were nriginally young meo, trained in armed combat and indoctrinated with NAP nationalism in secret camps in the countryside, then unleashed in the late 1960s onto university campuses to counter increasingly extreme left-wiog influences. What started as a battle for dominatioo on the campuses turned into a struggle for control of the country.

The NAP's fortunes changed dramatically in the late 1970s when Mr. Turkes became Deputy Prime Minister in the Suleyman Demirel coalitions and turned from an oddity into a formidable political power. Mr. Demirel encouraged the NAP as he considered the party a natural ally in parliament and the Grey Wolves fighters in the streets against Communism.

Mr. Turkes' deputy premiership gained his party a say in the country's affairs far beyond its parliamentary strength or popular support. At the same time, the party has secured a foothold in the bureacracy and extended its patronage.

Less than five years ago, NAP rallies did not fetch more than a few thousand people who gathered under the flags of loog-dead Turkisb possessions to listen to speeches and Ottoman Janissary marches, redoleot with memories of past glory. Last month, NAP rally in the central Anatolian town of Kayseri attracted more than 85,000 people from al over Turkey. The police were told to stay away as the party would provide its own security against terrorist attacks.

The old flags still fluttered in the wind but were outnumbered by portraits of NAP people who had been "martyred." The cry was for revenge and victory.

In 1977, Mr. Turkes won 16 seats in the 450-member Natiooal Assembly and the NAP became the country's fourth biggest party. It is now one of the two parties which keeps Mr. Demirel's free-enterprise oriented minority government in power.

Violence, disruption of state anthority and ecoonmic depression of recent years has enhaoced the appeal of NAP nationalism and discipline for the ever-growing number of ponrer Turks. Unlike the extreme left, which appears to be irredeemably splintered, the NAP is well organised and determined enough to exploit discontent with a mixture of propaganda, patronage and intimidation.

An NAP official said that the party expected 150 per cent growth in its share of the vote in next year's general elections and 40 seats.

"Those who expect quick victory should leave our ranks." Mr. Turkes said. "Our work is one of patience and perseverence and not of hurry."

That would be all right. But there is no doubt that, despite Mr. Turkes' vehement and persisteot denials, his supporters make up one of the two principle fronts in a war of which makes Northern Ireland look placid hy comparison.

Vote leaves Suarez uncertain of support

By Robert Graham in Madrid

THE VOTE of censure in the Spanish Parliament last week has left Sr. Adolfo Suarez, the Prime Minister, with an uncertain working majority. Although the Socialist-sponsored motion was defeated, no political grouping supported Sr. Suarez' ruling Union de Centro Democratico (UCD).

With 166 of the 350 seats in Parliament, Sr. Suarez only needs the regular support of 10 others to secure an absolute majority. But those that have supported him since the March 1979 general election have indicated they will pose tougher conditions for backing him in future.

Sr. Suarez last week rejected holding a general election before the scheduled date of 1983. He also insisted that he had been elected to run the country and pointed out that he had served longer in office than any other Spanish Premier this century.

Equally he refused to court in public his potential supporters outside UCD.

Until the censure debate, Sr. Suarez relied mainly upon the support of the right-wing Coalicion Democratica headed by Sr. Manuel Fraga, and the Conservative Catalan nationalist party of Sr. Jordi Pujol. Between them they provided Sr. Suarez with 17 votes—a comfortable working majority.

However, Sr. Fraga, whose party abstained in the censure vote, is now demanding a higher price for his support. It seems he would like to force Sr. Suarez into an open alliance that would in turn lead to his party being represented in the Cabinet.

Until now, Sr. Suarez regarded an open association with Sr. Fraga as bad for the UCD image, making it appear too right-wing and insufficiently centrist.

The liberal and social democrat elements within UCD have also warned Sr. Suarez against such a move. There is an underlying threat that if be allied openly with Sr. Fraga, a former Information Minister and ambassador in London under General Franco, they would split from the party.

Such a threat is only credible if they join up with the Socialist party to try and form a new government. Commentators believe that the various factions within the UCD have a sufficiently powerful interest in staying in power to accommodate their differences.

The Catalan nationalist party of Sr. Pujol also abstained in the censure motion. Although he and Sr. Suarez are close to each other, the latter's restrictive regional policy is making it increasingly hard for an open alliance.

By the same token a restrictive regional policy makes it hard for the Basque nationalist party and the Andalusian nationalist party to back Sr. Suarez.

The Prime Minister's alliances with these two Conservative nationalist parties became part of government long-term strategy last autumn.

This still remains the most viable proposition, so long as Sr. Suarez is willing to make new concessions on autonomy. But he has given no hint of changing his policy of slowing down the pace of autonomy and limiting the scope of devolution.

Young people cluster around the Pope during his visit yesterday to UNESCO in Paris.

FOUR-DAY VISIT ENDS

Pope steers middle course in France

BY ROBERT MAUTHNER IN PARIS

POPE JOHN PAUL ended a four-day visit to France yesterday during which be won over both believers and unbelievers by his warmth, disarming informality and sense of humour.

As a personal achievement, his performance in Paris could not have been bettered. Wherever the Pope has gone be has been enthusiastically cheered by hundreds of thousands of people. An estimated 300,000 faithful turned up for the open-air Mass at Le Bourget Airport on Sunday morning, and 50,000 young people filled the Parc des Princes stadium in Paris on the same evening, creating a roar worthy of a Cup Final.

At times, last night's gathering resembled a revivalist meeting by Billy Graham, with the Pope and the crowd of youngsters involved in a constant dialogue with each other and taking part in spontaneous outbursts of singing. The Pope provoked as much hilarity with his witty asides as religious fervour.

He has not, however, allowed informality to divert him from the more serious business of his visit, that of revitalising the Christian faith in a country which, though on paper overwhelmingly Roman Catholic, has lost the habit of church-going. Nor has the Pope made any fundamental concessions to the permissiveness of modern French society.

During a meeting with France's 125 bishops, Pope John Paul steered a careful middle course, worthy of his host in France, President Giscard d'Estaing. He condemned both progressive and traditionalist French Catholics, saying they bred scandal and malaise in the Church.

At the same time, he implicitly admonished French bishops for not doing enough to maintain the moral and religious standards of the Catholic Church.

In a long address yesterday to the Paris-based United Nations Educational, Scientific and Cultural Organisation, the Pope told scientists they were threatening mankind's future by developing nuclear weapons and manipulating genetics. He called on them to use all their moral authority to save humanity from nuclear destruction.

Norway starts new drilling

BY FAY GJESTER IN OSLO

A NEW chapter of Norway's offshore oil history opened at the weekend when the Norwegian drilling rig "Treasure Seeker," lit by the midnight sun started work on the first exploration well north of the 62nd parallel.

Although some four-fifths of Norway's continental shelf lies above this line, and the geology of the area is regarded as highly promising, the Government, until now, has banned all drilling there.

The move, still opposed by many Norwegians, has been delayed by fears that pollution from an offshore accident could harm the area's rich fish stocks.

Plans for next summer have not been announced but could involve exploration on some of the other blocks offered in the fifth concession round.

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NOTICE OF REDEMPTION

To the Holders of

Phillips Petroleum International Investment Company

6% Guaranteed Sinking Fund Debentures Due 1981

Due January 15, 1981

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of January 15, 1966 under which the above-described Debentures were issued, Morgan Guaranty Trust Company of New York, as Trustee, has selected for redemption on July 15, 1980, through operation of the Sinking Fund, at the principal amount thereof, together with accrued interest to said date, $1,250,000 principal amount of the above-described Debentures, each in the denomination of $1,000 bearing the serial numbers with the prefix letter "M" as follows:

Outstanding Debentures bearing serial numbers ending in any of the following two digits:

00 03 06 09 24 27 28 37 39 42 43 46 50 72 74 75 77 78 81 85 87 88 90 96

Also Debentures bearing the following serial numbers:

825	2825	5125	5725	7125	9325	11025	12425	14625	15825	19325	20425	21725	22725	24825
2425	3025	5325	5825	7625	10125	12025	13325	15125	18725	19725	21425	22025	22925	24925
2625	4425	5525	6225	8525	10625	12225	14425	15325	18925	20325	21525	22625	24125	

On July 15, 1980, the Debentures designated above will become due and payable in such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts. Said Debentures will be paid, upon presentation and surrender thereof with all coupons appertaining thereto maturing after the redemption date, at the option of the holder either (a) at the corporate trust office of Morgan Guaranty Trust Company of New York, 30 West Broadway, New York, New York 10015, or (b), subject to any laws or regulations applicable thereto in the country of any such offices, at the main offices of Morgan Guaranty Trust Company of New York in Brussels, Frankfurt am Main, London or Paris, or Banca Commerciale Italiana in Milan or Bank Mees & Hope NV in Amsterdam or Banque Internationale à Luxembourg S.A. in Luxembourg. Coupons due July 15, 1980 should be detached and collected in the usual manner. Payments at the offices referred to in (b) above will be made by check drawn on a bank in The City of New York or by transfer to a dollar account maintained by the payee with a bank in such City.

On and after July 15, 1980 interest shall cease to accrue on the Debentures herein designated for redemption.

Phillips Petroleum International Investment Company

Dated: June 3, 1980

NOTICE

The following Debentures previously called for redemption have not as yet been presented for payment:

M-338	4597	7665	7697	9816	13031	15270	16080	16435	17054	17141	18670	20370	21403	21967
340	4858	7666	7701	9817	13331	15271	16294	16436	17061	17149	19713	20371	21417	21969
917	4813	7667	7703	9831	13338	16036	16295	16438	17062	17165	19759	20410	21435	21970
924	4840	7671	7705	10445	13989	16038	16297	16440	17066	17171	19884	20413	21460	21971
1038	4938	7680	7871	10446	13995	16040	16301	16441	17067	17173	20265	20417	21956	21984
1114	5631	7684	7904	10465	14013	16041	16317	16517	17069	17181	20266	20431	21958	22101
1115	5640	7689	7971	10467	14101	16057	16417	16870	17071	17203	20267	20438	21959	22587
1915	5541	7690	8610	10469	14108	16060	16421	17040	17110	17205	20268	20459	21960	
2557	7659	7693	8971	10470	14338	16065	16429	17041	17131	17308	20269	20470	21962	
3001	7660	7694	9348	10471	15267	16070	16431	17046	17138	17515	20311	20531	21964	
4156	7662	7695	9426	11203	15269	16071	16432	17049	17140	18569	20317	21401	21966	

Bonn likely to approve EEC budget deal

BY JONATHAN CARR IN BONN

THE WEST GERMAN Cabinet seems set for a stormy session tomorrow over the deal reached in Brussels to solve Britain's EEC budget problem. The meeting has been preceded by a public display of bad temper over the issue by the Social Democrat (SPD) and Free Democrat (FDP) coalition partners which at first glance suggests they may be tired of their long alliance. None the less, the odds must still be on Bonn approving the package.

For one thing, it would be almost impossible for the West Germans to refuse a European deal if all other member states support it. Certainly Herr Hans Matthoefer, the Finance Minister, has to find more money (an extra DM 2.6bn in total this year and next) than any of his colleagues in the other member states. But the history of the EEC, particularly since Britain joined in 1973, is strewn with firm statements from the West Germans that they are not going to pay—followed in the end by their doing so.

What is clear is that the budget issue has become caught in the run-up to the West German general election on October 5. By supporting the Brussels accord, the FDP is able to give itself a strong profile as a European party and as a political force distinct from its coalition partner. It badly needs this after several poor provincial election results and with the prospect of being squeezed in October between the large blocks, the SPD and the Christian Democrat opposition.

At the same time Herr Matthoefer, by setting conditions for acceptance of the EEC accord, can underline his position as custodian of the taxpayers' money. Further, Herr Herbert Wehner, the SPD's parliamentary leader, also speaks for one disgruntled sector of the electorate when he complains that, on EEC financing, the Federal Republic is being "milked like a cow."

To this extent, a row between the coalition partners may do more good than harm—provided it does not fester too long.

However, there has been more to this dispute than tactics and electoral considerations. Herr Matthoefer is surely in earnest when he insists that Bonn's extra bill for the Brussels accord can only be paid by cuts in the budgets of some of his ministerial colleagues. Since the FDP has loudly applauded the Brussels compromise, it will be under most pressure to make sacrifices.

It would also be wrong to underestimate the genuine anger in at least some parts of the Bonn Government over the level of the settlement reached after the Foreign Council's marathon session in Brussels.

Chancellor Helmut Schmidt, who offered Britain DM 1.25bn (£300m) for 1980 alone but withdrew this when Mrs. Margaret Thatcher, the UK Prime Minister, said she wanted a longer-term solution, has not reacted publicly so far to the Brussels compromise. But those with sensitive ears claim they can hear the sound of teeth being ground in the Chancellery.

Colombo's role draws widespread praise

BY RUPERT CORNWALL IN ROME

"ONE OF the finest pieces of political chairmanship I've ever seen," is how Mr. Roy Jenkins, the European Commission president, is said to have described the role of Sig. Emilio Colombo, the Italian Foreign Minister, in piecing together the agreement which (barring upsets) will end the British EEC budget row. The assembled Ministers are reported to have given him a standing ovation at the end of the 20-hour session of the Council of Ministers.

Nor is it to belittle Sig. Colombo to observe that perhaps it could only have been brought off by an Italian politician, steeped in the art of the fudged compromise to mean all things to all men.

He is one of the comparatively few Italian politicians appreciated beyond his country's shores. More than two decades of involvement with Community affairs, mainly in the Treasury field, but latterly as president of the European Parliament and now as Foreign Minister, have won him the reputation of a skilled, meticulous negotiator, the master of frequently complicated briefs.

He is the living proof of just how much fundamental stability is concealed behind the bewildering succession of government crises in Italy. The formula changes, but the Christian Democrat faces do not. Between 1948 and 1976, he was almost never out of government. By a rough and ready estimate he has served 17 times as a Minister, six times an Under-Secretary, and once between 1970 and 1972 as Prime Minister. His staying power is probably second only to Sig. Giulio Andreotti's.

In their different ways, they are perhaps the two leading Christian Democrats most closely identified with the Church. But there is said to be little love lost between them, and on the most important question facing the party, the relationship it should build with the Communists, they are poles apart, as 1976 was to prove.

Sig. Andreotti became Prime Minister—the executive symbol of "national solidarity" and of the efforts of Sig. Aldo Moro to forge a lasting understanding between the Catholic and Communist camps in Italy. Sig. Colombo, largely it was said on the insistence of the Communists, was dropped from the Government as one of the old guard who had to go.

Nor had his economic policies been to the Communists' liking. During the late 1960s and early 1970s he became identified on the left with a dogged resistance to reform.

Exile, though, can be profitable. Sig. Colombo enhanced his stature as president of the European Parliament, a post he held until the first direct elections last year. In the meantime, as the Communists moved away from the orbit of power, he re-emerged as a contender for important office.

Early this year, his decision to throw his faction (representing 4 per cent of the votes) into an alliance against Communist participation in government helped hardliners carry the day at the Christian Democrat congress. His reward was the Foreign Ministry, and the European Community may be grateful that it was.

Sig. Colombo: standing ovation from Ministers

Italian Prime Minister faces parliamentary inquiry

BY OUR ROME CORRESPONDENT

SIG. FRANCESCO COSSIGA, the Italian Prime Minister, will have to face what will amount to an impeachment hearing before the Italian Parliament, on allegations that he helped in the flight of Sig. Marco Donat Cattin, a suspected terrorist.

This became well-nigh certain yesterday, when the Communist Party formally announced it would start to collect the signatures of members of parliament. They need the signatures of a third of the members of the lower chamber and the Senate.

Given that the Communists can muster 285 of the 318 votes required, and that other far-left groups as well as the extreme right-wing MSI and the centre Liberal Party have declared their intention to back the proposed inquiry, their success is assured.

Beyond that, nothing may be predicted. Sig. Pietro Longo, the leaders of the Social Democrat Party dropped from the present Government, yesterday demanded the Prime Minister's immediate resignation before this weekend's important regional elections, whose outcome, under any circumstances, would have conditioned the survival prospects of Sig. Cossiga's administration.

It is probable that, sooner or later, the storm which has blown up will bring Sig. Cossiga's resignation and a government crisis, but the timing is uncertain. The allegations are that Sig. Cossiga, voluntarily or involuntarily, tipped off Sig. Carlo Donat Cattin, until Saturday Vice-President of the ruling Christian Democrats, that his son was being sought by investigating magistrates as a leader of the Primea Linea (Front Line) terrorist group.

There is deep unease that this latest debacle will further undermine Italy's international credibility on the eve of two important meetings in Venice.

The first, of community heads of government, at which Italy might expect to bask in praise and gratitude after having solved the British budget row, takes place just three days after the regional elections. It might even coincide exactly with the "impeachment," if that takes place, as some expect, as soon as parliament reconvenes after the recess.

A week later comes the state visit of U.S. President Jimmy Carter to Italy, followed immediately by a summit of the major industrial powers on June 22 and 23.

The campaign for the regional elections is entering its final week with bitter political tension between the two major parties.

Sig. Enrico Berlinguer, the Communist Party leader, yesterday underlined his party's determination to bring down the present three-party coalition of Christian Democrats, Socialists and Republicans.

Forecasts gloomy for Danish economy

By Hilary Barnes in Copenhagen

THE PROSPECTS for the Danish economy are "completely unacceptable," according to the joint chairmen of the Economic Advisory Council, Denmark's "three wise men."

In a report to be published later this month they forecast that the current balance of payments deficit will rise from DKr 15.6bn (£1.2bn) in 1979 to DKr 18.9bn (£1.45bn) this year. The gross domestic product is expected to decline in real terms by 1.2 per cent in 1980, while hourly wage costs in the private sector increase by [illegible].5 per cent and consumer prices by 14.2 per cent.

They go on to say that, by 1983, on present policies the external deficit will rise to DKr 25bn (£1.9bn) or about 6 per cent of the national product, unemployment will rise from about 7.3 per cent this year to 8.3 per cent and the average increase in real GDP from 1981 to 1983 will be a modest 1.9 per cent.

Public spending

The report is the first major analysis to take into account the measures which the Government is just putting into effect in order to reduce the external deficit. These include an increase in value added tax from 20.25 per cent to 22 per cent from June 30, higher energy taxes and reduced growth of public spending.

But the "wise men's" forecasts indicate that the Government will fail to reach the improvement in the external deficit which it has itself forecast for the next couple of years. According to the chairman's report, the deficit will be DKr 17.5bn (£1.37bn) in 1981 rising to DKr 21bn (£1.6bn) in 1982 and DKr 25bn (£1.9bn) in 1983.

It says that, although a policy of squeezing demand or a 20-25 per cent devaluation could theoretically help to improve the external deficit, the most realistic way ahead is to continue an incomes policy combined with minor devaluations. This policy has been adopted by the Government over the past year.

UK will press allies on nuclear missiles for Western Europe

REGINALD DALE IN BODO, NORWAY

MR. FRANCIS PYM, the British Defence Secretary, will today urge his North Atlantic Treaty Organisation partners to press ahead with the alliance's controversial plans to instal a new generation of long-range U.S. nuclear missiles in Western Europe—despite strong Soviet objections.

At a two-day ministerial meeting of the alliance's Nuclear Planning Group here, Belgium is likely to come under particular pressure to confirm that it still intends to take some of the new "theatre" missiles, which could reach targets in the Soviet Union.

When the alliance officially endorsed the plan last December, in one of the most important political decisions it has ever taken, Belgium said it would review its participation in six months. Since then, the country has been plagued by government crises, and the process of choosing Belgian sites for the new weapons has apparently not yet started.

The Atlantic Alliance plan calls for 572 Cruise and Pershing II missiles to be deployed in five European countries, the UK, West Germany, Italy, Belgium and the Netherlands, to counter the massive build-up of Soviet long-range "theatre" weapons. The Dutch, however, have said they will not decide whether to accept their quota (48 ground-launched Cruises) until next year.

Britain's main concern is to give further momentum to the scheme at a time when Moscow is trying to induce the European Atlantic Alliance countries to drop it. The Kremlin has said new East-West arms controls negotiations can only get under way if the alliance suspends its plans.

Mr. Pym's belief, on the contrary, is that Moscow may show greater interest in the alliance's offer to negotiate limits on the new weapons if it is made quite clear that the allies intend to go ahead. The December missile decision was accompanied by a parallel offer to negotiate, which Moscow has so far spurned.

A Belgian decision to opt out would be a serious blow to the alliance's plans, in that it would leave Italy as the only other continental country participating alongside West Germany. It has long been a condition of Bonn's acceptance of the new weapons that at least one other continental country, and preferably more, should be willing to see them deployed on its soil.

West German officials have strenuously denied suggestions that Bonn may be weakening in its resolve, after ambiguous remarks by Chancellor Helmut Schmidt. British officials insist they have so far detected no sign of a shift in the West German position.

The Ministers from 12 alliance countries (France, Iceland and Luxembourg are not attending) will also discuss which U.S. warheads should be withdrawn from Western Europe when the new weapons start to be deployed in 1983.

In addition to the 1,000 nuclear warheads the U.S. is now withdrawing unilaterally, the alliance has said the introduction of the new warheads will be matched by a dismantling of older systems.

W. German jobless falls

BY KEVIN DONE IN FRANKFURT

UNEMPLOYMENT in West Germany fell again last month by 58,606 to 766,768, equal to 3.3 per cent of the workforce, but the Federal Labour Office warned that the figures disguised growing underlying problems. Seasonally adjusted, there has been a slight worsening in the number of unemployed to 847,000 compared with 833,000 in April.

The figure is still better than a year ago when the total of unemployed stood at 856,000.

But with a general election in the autumn, any signs of worsening unemployment will provide the opposition with extra ammunition in challenging the Government's economic record.

As growth in the economy slows, the employment gains made over the past 12 months are starting to recede and the number of job vacancies reported yesterday for May, on a seasonally adjusted basis, fell to 318,000 compared with 324,000 in April.

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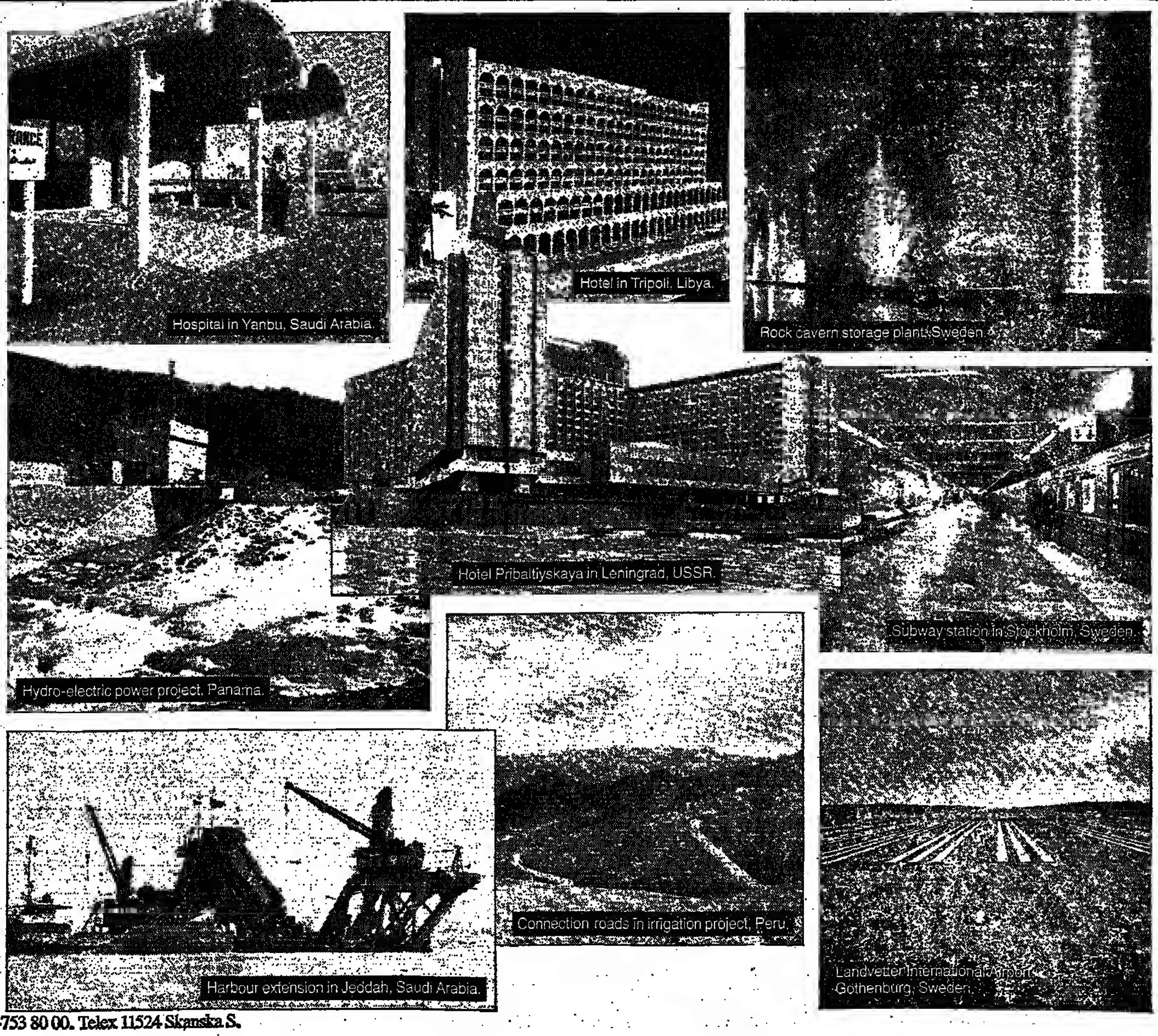
This is our consolidated balance sheet, December 31, 1979—in millions of Swedish Kronor (1,000 Swedish Kronor—approximately £104 in May, 1980.)

Assets		
Current assets:		
Cash in hand and bank balance		1,708
Receivables		3,559
Properties classed as current assets		2,375
		7,642
Fixed assets:		
Other receivables		236
Shares and participation certificates		192
Machinery and equipment		386
Properties classed as fixed assets		171
Total Skr m.		8,627
Liabilities and Equity Capital		
Current Liabilities		2,239
Uncompleted contracts		
Billings from commencement of contracts	9,326	
Expenditures from commencement of contracts	7,511	1,815
		4,054
Long-term liabilities		2,820
Untaxed reserves		1,181
Share capital		204
Reserves		230
Net profit for the year		138
Total Skr m.		8,627



Hospital in Yanbu, Saudi Arabia.

Hotel in Tripoli, Libya.

Rock cavern storage plant, Sweden.

Hydro-electric power project, Panama.

Hotel Pribaltiyskaya in Leningrad, USSR.

Subway station in Stockholm, Sweden.

Connection roads in irrigation project, Peru.

Harbour extension in Jeddah, Saudi Arabia.

Landvetter International Airport, Gothenburg, Sweden.

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OVERSEAS NEWS

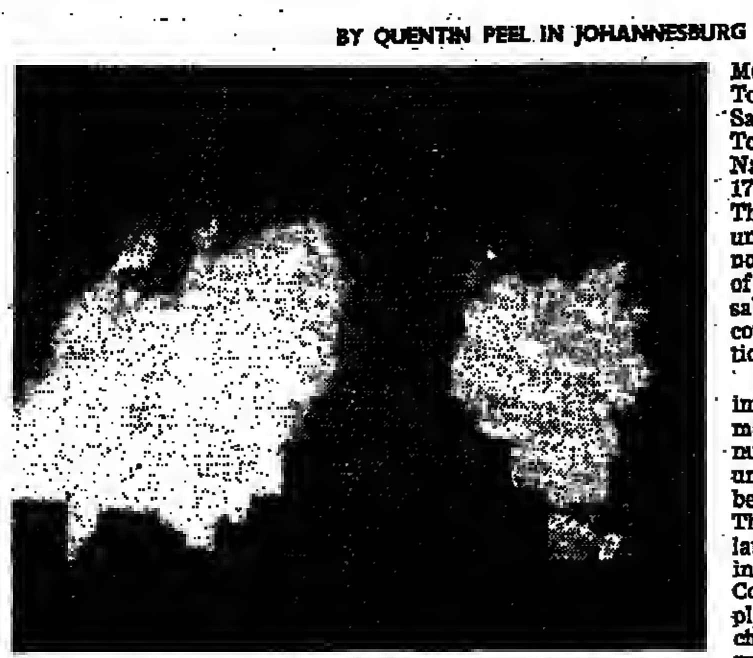
Sabotage bids stress S. African vulnerability

BY QUENTIN PEEL IN JOHANNESBURG

YESTERDAY'S SABOTAGE attempts on two of South Africa's huge Sasol oil-from-coal plants, as well as on an oil refinery, have underlined South Africa's continuing vulnerability to an oil embargo, and its crash programme to overcome it.

The Sasol synthetic fuel plants are the key element in South Africa's plan to develop substitutes for all strategic imports, to guard against any future attempt by the international community to impose economic sanctions. Given that they are the insurance policy against the threat of an oil embargo, the success of the saboteurs in penetrating their security is all the more remarkable.

The attacks constituted the first major attempt by an African nationalist movement to sabotage key economic installations in South Africa, apart from isolated incidents of bomb blasts at railway stations or similar targets. Because South Africa boasts by far the most sophisticated economy of any African country hitherto involved in a guerrilla war, it is inevitably most vulnerable to economic sabotage. At the same time, it boasts the most formidable and sophisticated security services to resist it.



Oil installations at Sasolburg silhouetted against soaring flames and billowing smoke after Sunday night's bomb attack.

Despite a relatively low dependence on oil-based energy —which provides some 25 per cent of South Africa's needs— the country is still vulnerable because liquid fuels power almost 80 per cent of the transport system, and virtually all its military machine. Oil imports, details of which are classified information, were believed to amount to some 250,000 barrels a day (b/d) in 1978.

The three Sasol plants are intended eventually to provide almost half the liquid fuel requirements. Sasol 1, the original, produces only a fraction, but Sasol 2, which produced its first oil in March, will come into full production by the end of next year, and Sasol 3 will re-double output again by 1984.

One consequence of the expansion of synthetic fuel production is the growing surplus capacity of conventional refineries — Sapref (jointly owned by Shell and BP) and Mobil at Durban, Caltex at Cape Town, and Natref (in which Sasol has a 52.5 per cent stake, Total 30 per cent and the National Iranian Oil Company 17.5 per cent) at Sasolburg. The refineries are already understood to be operating at not much more than 45 per cent of their 475,000 b/d capacity, so sabotage at any one could be covered by increased production at the others.

Nevertheless, the whole import substitution policy means there are an increasing number of huge capital projects under construction which could be prime targets for sabotage. They are concentrated particularly in the chemical industry, including the R230m (£125m) Coalplex polyvinyl chloride plant at Sasolburg, Sentrachem's plans for a synthetic rubber plant at Newcastle to replace all rubber imports, and AECI's plans — still on the drawing board — for a R400m methanol-from-coal plant to reduce liquid fuel imports.

South Africa's continuing rapid electricity generating expansion has been accomplished by building giant 3,600-MW power stations, among the largest generating plants in the world — three newly built and three to come. Other key prestige targets could be the Koeberg nuclear power station, being built outside Cape Town, and the Atomic Energy Board installations at Pelindaba and Valindaba (the uranium enrichment plant) outside Pretoria — although all are heavily guarded.

One obvious target which has already been mentioned in a court case involving members of the banned African National Congress Party is the oil pipeline carrying both crude oil and refined products from Durban to the Witwatersrand, the heartland of South African industry.

Although the targets are obviously available, and considerable dislocation would result from a skilled sabotage campaign, the likelihood of such a campaign proving successful in overthrowing the Government in the foreseeable future must be slim.

Apart from the oil threat, there are no other potentially critical bottlenecks which could be closed by sabotage. More of a threat is the psychological effect of such action, steadily undermining the morale of the minority white population, and causing a white exodus similar to that in the latter days of the Rhodesian regime. That would greatly aggravate the already critical shortage of skilled labour in the economy, which is probably the most urgent structural problem currently facing the South African Government.

Baghdad cancels Minister's visit to UK

By James Buxton

BRITISH HOPES of improving its relations with Iraq have suffered a setback with the abrupt cancellation by Baghdad of a visit to Britain by Mr. Saadoun Hammadi, the Foreign Minister, who was due to come to London on Friday. The visit was in reciprocation for the visit by Lord Carrington, the British Foreign Secretary, to Iraq last July. No reason has been given for the cancellation. British relations with Iraq have been strained for the past two years, and two British businessmen are in prison in Iraq.

Yesterday Mr. Mohammed Benyahia, the Algerian Foreign Minister, had talks with Mrs. Margaret Thatcher, the British Prime Minister, at the start of a two-day official visit.

It is the first ever by an Algerian Foreign Minister. The British Government regard it as important in the development of economic links with Algeria, now the second-biggest market in the Middle East, of which the UK has only a 2-3 per cent share.

Indians give easy victory to Mrs Gandhi

BY K. K. SHARMA IN NEW DELHI

WITH Mrs. Indira Gandhi's Congress (I) Party sweeping to easy victories in eight out of the nine states where legislative elections were held last week, it has become clear that other Indian political parties are now close to annihilation. The handful of seats they won in the eight states are shared by at least five factions of the former Janata party and the Communists.

Mrs. Gandhi: greatly strengthened

The results give Mrs. Gandhi virtually complete control of the country. She won an impressive two-thirds majority in parliament last January to form the Federal Government, and now her party, with her nominees as chief ministers, will form Governments in the eight states where nearly two-thirds of the population live.

The eight include the vital Uttar Pradesh and Bihar states which lie in the northern Hindi-speaking Gangetic heartland. Control of these is necessary for any Federal Government to rule effectively, and Mrs. Gandhi has emerged victorious from a closely fought battle with unexpected ease.

Two conclusions emerge from the defeat of the Opposition. First, the electorate has still not forgotten the Janata Party's failings in Government after it defeated Mrs. Gandhi's Congress in Parliamentary and state legislature elections in 1977. Secondly, despite Mrs. Gandhi's demonstrably lack-lustre performance as Prime Minister since January, a large number of voters have shown they still prefer her to the hopelessly divided Opposition.

Of equal significance is the electorate's endorsement of the pre-eminent position given by Mrs. Gandhi to her controversial son, Sanjay. He campaigned actively, particularly in Uttar Pradesh, and a large number of the legislators who have won on the Congress ticket are his nominees. Sanjay now has a substantial following in key states of young politicians who owe allegiance to him and, only through him, to Mrs. Gandhi.

There is widespread speculation on how Mrs. Gandhi and Sanjay will use their greatly strengthened positions. They head a party which is in control of the Federal Government and most of the country's 22 states.

The only State where Mrs. Gandhi was trounced was Tamil Nadu in the south. There the party, led by the popular film actor, Mr. M. G. Ramachandran, won easily. Regional politics thus remain a force to contend with, a fact reinforced by the creditable performance of a Sikh-based party in Punjab. Regional parties are already in power in States like West Bengal and Kerala, which are ruled by Left-wing groups with mainly local influence.

The States where the Congress (I) has won handsomely are Rajasthan, Punjab, Madhya Pradesh, Uttar Pradesh, Bihar, Orissa, Maharashtra and Gujarat. These cover nearly the whole of northern India together with large chunks of southern and central India. The Congress (I) already rules the States of Himachal, Haryana, Karnataka, and Andhra, while Kashmir and many north-eastern States are ruled by Mrs. Gandhi's allies.

'New deal' planned for Tibet

By Tony Walker in Peking

TIBET is being given a new deal by the central Chinese Government.

A senior Communist party official in Tibet has been sacked and other officials criticised for neglecting their responsibilities.

The announcement of the deal coincides with a visit to Tibet by Mr. Hu Yaobang, general secretary of the Communist Party Central Committee, and Mr. Wan Li, a newly appointed Vice Premier and member of the party secretariat.

The two Communist leaders are carrying out what is described in the official press as "an inspection tour." "Inspections" in the provinces are often bad news for local administrators.

The Communist leaders called for the promotion of more Tibetans to positions of responsibility, and predicted that "within two or three years" local people would occupy two thirds of cadres' jobs on the government payroll.

The new deal includes exemption for the next few years for Tibet from the requirements of state purchasing quotas.

"A household can raise dozens of sheep and several head of cattle," the announcement said. Sideline occupations and handicrafts should be developed.

President elected for south Sudan

By Our Foreign Staff

A LONG-RUNNING political crisis in Sudan's autonomous Southern Region, which is non-Arab and non-Moslem, appears to have been resolved, with the election of Mr. Abel Alier as the region's new President and head of government by the Regional People's Assembly.

Mr. Alier was president of the South from the ending of the 17-year civil war there in 1972 until 1978, when his supporters lost ground in the elected assembly. But the rule of his successor, former guerrilla leader Mr. Joseph Lagu, gradually broke down in dissent and allegations of corruption against a background of almost no economic progress. He resigned in February. New elections produced an assembly which voted 67-35 for Mr. Alier against his opponent Mr. Samuel Aru.

● Last week's summit meeting between President Jaafar Nimairi of Sudan and Col. Mengistu Haile-Mariam, the Ethiopian leader, is understood to have largely skirted the key issue between the two countries—the war in Ethiopia's northern province of Eritrea, which has driven about 500,000 refugees into Sudan.

1,000 quit rebel island

VILA—Nearly 1,000 refugees were evacuated peacefully last night from the rebel-held New Hebrides island of Espiritu Santo.

About 800 plantation workers armed with bows and arrows seized Government buildings on the island last Wednesday. They are backed by some 50 French-speaking Europeans with rifles.

The rebels are demanding autonomy for Espiritu Santo when the New Hebrides, ruled jointly by Britain and France, becomes independent on July 30. The two countries discussed the problem in Paris yesterday.

In yesterday's evacuation, four boats ferried the refugees, who included Britons, New Zealanders and Australians, to the island of Malekula, 20 miles to the south. From there they were transferred to the capital, Vila, on the island of Efate.

The Government, headed by Father Walter Lini, the Chief Minister and Prime Minister-elect, is waiting for a reply from Britain and France to his request for assistance in quelling the rebellion.

Reuter

Singapore bankers appointed to Cabinet

BY OUR SINGAPORE CORRESPONDENT

TWO FORMER bankers have been given important portfolios in the Singapore cabinet in a move designed to give the younger generation of technocrats a chance to prove their political mettle. Mr. Suppiah Dhanabalan replaces Mr. Sinnathamby Rajaratnam as Minister of Foreign Affairs, and Dr. Tony Tan Keng Yam has been appointed Education Minister, succeeding Dr. Goh Keng Swee, the Deputy Prime Minister.

Mr. Dhanabalan, 42, is a former executive vice-president of the Development Bank of Singapore, which is owned jointly by the Government and private sector shareholders. He became an MP for the ruling Peoples' Action Party four years ago and currently heads the party's finance department. In February last year he became one of two senior ministers of state in the Foreign Affairs Ministry.

Dr. Tan, 39, spent most of his working career with the Oversea - Chinese Banking Corporation, of which he was general manager before entering politics in January, 1979. Dr. Tan was recently personally charged by Mr. Lee Kuan Yew, the Prime Minister, with responsibility ...for supervising the amalgamation of the republic's two universities. He is due to become vice-chancellor of the new National University of Singapore later this year.

There are now three second-generation ministers in the cabinet—the other being Mr. Goh Chok Tong, 39, who became Minister for Trade and Industry last year. However, all three men are still on probation. Their predecessors remain in the cabinet, ostensibly in an advisory capacity but inevitably ready to step in should any of the new ministers prove unequal to their task.

Soviet threat poses problems for all, says new Minister

BY KATHRYN DAVIES IN SINGAPORE

FINANCIAL TIMES
WORLD BANKING
Singapore
CONFERENCE

A DETERMINED challenge from the Soviet bloc in the 1980s will compound the difficulties for both developed and developing free-market economies at a time when traditional assumptions of free enterprise are under question. This warning was given to the Financial Times World Banking Conference in Singapore by Mr. Suppiah Dhanabalan, the island's new Foreign Minister.

"To convince developing countries that their best interests are served by being closely linked to the free-enterprise economies of the West there must be changes in the present economic relationships which the developing countries consider inequitable," he said. At the same time, Mr. Dhanabalan said that the West's political credibility will depend to a large exteot on how it can solve or contain political problems in the Middle East.

Middle Eastern politics and their effect on oil supplies and thus OECD growth was a theme taken up by Mr. Michael McWilliam of the Standard Chartered Bank, London. Mr. McWilliam said recent oil price increases would impair growth indirectly by causing governments and monetary authorities to tighten fiscal and monetary policy to counter growing inflation. The danger of the next business cycle in the industrial countries was that "over-defensive reactions by the so-called strong-currency countries to reduce their current account deficits could accentuate the setback to output and trade."

Mr. Robert Slighton, of the Chase Manhattan Bank, New York, argued that if oil prices rise more steeply than expected for reasons other than political disruption of supply, there is likely to be a weakening of the dollar against European currencies. But internal problems within an oil exporter or armed conflict between oil exporters could lead to general strengthening of the dollar, as a haven currency. "What is new is the increased likelihood that this sort of event may occur."

Instability in foreign exchange markets provides long-term support to gold, Mr. Robert Guy, of M. M. Rothschild and Sons of London, said. While there are hopes for a more stable monetary system in the 1980s, central banks and private investors are likely to see a continuing role for gold. "Leading central banks will seek to strengthen the position of the major paper currencies but will be less hostile to the role of gold as a reserve asset," he said.

Mr. Norman Robertson, chief economist of the Mellon Bank, Pittsburgh, told the conference that a moderate to severe American recession will continue into early 1981. Bnt, he said, "along with the rapid rescent into recession has come the first welcome signs of a moderating inflation rate." But there is still no improvement in productivity.

Recent measures to enlarge the International Monetary Fund the World Bank and proposals to increase the capital of the Asian Development Bank, will assist Asian developing countries, Mr. Don Mentz, the director of the Asian Development Bank, said. Multilateral lending institutions, including the ADB, are also looking at co-financing of loans to developing countries with commercial bank. The ADB can act as the collecting agent for repayment of the commercial bank loan, without cost to the banks, he said.

Mr. Malek Ali Merican of Sime Darby Holdings, Kuala Lumpur, looked at "mixed" or "universal banking" in Asia. Japanese and Korean banks are involved with the large trading and manufacturing groups, universal banking is being proposed in the Philippines and is already operating in Singapore. "The question of whether commercial banks should be allowed to invest in equity shares of non-financial companies, is linked with the role of the large commercial banks in promoting economic developments." Mr. Merican suggested that large business enterprises can play a vital role in business expansion and, ultimately, in national economic development.

The Philippines Minister of Industry, Mr. Roberto V. Ongpin, said his country's industrial policy would be marked by four principal features in the 1980s. Major industrial projects would be speeded up, export promotion organised, industry rationalised and foreign investment encouraged. "A key element in our strategy will be to bring in a maximum of foreign capital inputs, an objective which we are meeting with encouraging success. In financing these projects, we intend to utilise, to the maximum extent possible, export credits, with their typically extended grace periods, prolonged maturities, and favourable interest rates."

This announcement appears as a matter of record only.
December, 1979

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C.E.S.A.

DM 30,000,000
U.S.$ 12,000,000
Medium Term Loans

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Primary season ends in anti-climax

BY DAVID BUCHAN IN WASHINGTON

Mr. Ronald Reagan (left) and President Jimmy Carter (centre) are certain to get their party's nominations. While all Mr. Reagan's opponents have dropped out, Senator Edward Kennedy (right) is fighting to the last

NINE STATES hold Presidential primary elections today in the final, anti-climactic round to this year's battle to choose the Democratic and Republican Party standard-bearers in the November election for the White House.

Today, when 696 Democratic and 428 Republican convention delegates are at stake—mainly from the three big states of California, Ohio and New Jersey—can still have an important bearing on how President Carter resolves his imminent victory over Senator Edward Kennedy in the Democratic race.

But Mr. Carter is already only a clutch of delegates short of winning the simple 1,660 majority that will deliver him the Democratic nomination at the August party convention in New York, and nothing today can stop him winning those.

One the Republican side, Mr. Ronald Reagan is already the *de facto* nominee and will get a "walk over" in today's races, though some of his erstwhile opponents still have their names technically on the ballot.

All that remains after today is a number of party conventions in several states. But their outcome has already been preordained by caucuses held earlier in the year. Thus, the focus has now switched to such issues as: Whom will Mr. Reagan choose as his Vice-Presidential running-mate, will Mr. Carter and Senator Kennedy make their peace soon, or will the latter carry his fight right on to the August convention, will Mr. John Anderson make good his independent candidancy for the White House, or will be be ground to small pieces by the millstones of the two big parties?

Just as New Hampshire with only 41 delegates for both parties attracted disproportionate attention and excitement in February because it was the first primary of the season, so, inversely, today's "mega-primary" has stirred little excitement because the outcome seems already evident.

Today's races in New Mexico, Montana, Rhode Island, South Dakota, West Virginia and (only on the Republican side), Mississippi, may bring some scattered comfort to the Kennedy campaign. But they will be inevitably eclipsed by the contest in the three big states, where the Massachusetts Senator is making his last stand.

Of the three, Ohio seems to represent the surest prospect for Mr. Carter, who last week chose to make it the site of his only overtly campaigning trip this year. Despite the heavy impact of lay-offs in Ohio's car industry, which should have militated in favour of Senator Kennedy, the weight of the state's democratic hierarchy is behind the President, who has done better in the industrial Mid-West than any one would have expected earlier in the year.

However, according to some recent polls, Senator Kennedy's last fling of the dice may roll him some high numbers in California and New Jersey. The President's support on the West Coast has never been too solid. He lost California to Governor Jerry Brown, not surprisingly, four years ago, and the California Governor's withdrawal from the 1980 race has eased the pinch for Senator Kennedy.

New Jersey has much the same industrial problems from recession as Ohio — the Ford Motor Company, for instance, is closing a big assembly plant at Mahwah, laying off several thousand workers.

However, the Senator is expected to fare better than in Ohio — perhaps for no other reason than the geographic one that New Jersey lies adjacent to two other Kennedy successes this year: New York and Pennsylvania.

At the Democratic convention in August, California will field 306 delegates, Ohio 161, New Jersey 113. Senator Kennedy can thus probably reckon on getting a sizeable number of these. Only a landslide win in all three states would really shake President Carter's campaign effort and possibly persuade many of the President's already committed forces that their man is a dubious prospect against Mr. Reagan in the autumn—and that is unlikely.

But Senator Kennedy could draw encouragement from a modest success or two to go to the New York convention to fight for inclusion of his liberal policies in the party policy platform.

His other choice is to throw in the towel quickly. In a show of bravura on Sunday, Senator Kennedy seemed to reject this, saying that he still expected to be the nominee, and scoffing at President Carter's olive branch that the senator could win policy concessions in drawing up the party platform.

U.S. allocates $50m for Rapiers

BY DAVID TONGE

THE U.S. is allocating about $50m (£21.3m) for the purchase of the Rapier ground-to-air missile system from Britain.

The deal has been under discussion between the two countries for several months, but yesterday U.S. officials said that money for the Rapier system was being put into the U.S. defence budget during its appropriation stage before Congress.

The missile system is to be deployed to defend U.S. airbases in Britain, such as those at Mildenhall and Lakenfield. The British appear to have overcome American objections to entrusting the defence of a U.S. air base to non-American bands.

Defence experts say it is likely that British RAF personnel will man the system. The first reason for this is that the defence of other air bases in Britain is already in British hands and co-ordination would be easier. Second, it will be cheaper for the U.S. to use trained British personnel rather than to have to train their own.

● The U.S. has agreed to pay Britain interest on her advance payments for arms purchases from American companies, defence officials disclosed yesterday. Interest of between 12 and 18 per cent is accruing on British payments thought to be about £110m.

By act of Congress, foreign countries buying American defence equipment must pay in advance for the goods and also include cash for compensation for manufacturers if the contract is cancelled.

This goes in the Foreign Military Sales Trust Fund, which is non-interest bearing.

After what was described as a "bitter debate" inside the Carter Administration last year, Washington agreed to pay Saudi Arabia 14 per cent on some of the money it pre-paid for its American arms.

Now Britain has won the concession after long negotiations earlier this year, it has been confirmed. It is expected that requests for similar treatment will be received from other countries.

Refugee security stepped up

BY DAVID BUCHAN

SEVERAL HUNDRED more soldiers were sent yesterday to Fort Chafee, Arkansas, the U.S.'s largest centre for handling Cuban refugees, to keep order after a second weekend of violence in which 300 Cubans briefly escaped from the camp and a larger number burned buildings.

The White House announced it was stepping up security at the refugee-processing centres, also located in Florida and Pennsylvania. Mr. Jody Powell, the President's Press Secretary, said the frustration of the Cubans at being couped up in the camps until their immigrant status is resolved was understandable, but the violence could not be condoned.

The latest incidents, more severe than similar disturbances recently at the refugee centre at Eglin Air Force Base, Florida, increase the chances of a backlash against the Cubans.

Residents around Fort Chafee, which holds 19,000 Cubans at present, are quite literally up in arms about the outbreaks there—some men, brandishing clubs and firearms, threatened to storm the camp at one point. Nationally, a Newsweek magazine poll last month showed a majority of Americans did not want to let the Cubans in.

The political and administrative headaches caused by the refugee influx have undoubtedly hardened the Carter Administration's line towards normalising relations with the Castro régime. The climate between Washington and Havana is now much chillier than in Mr. Carter's first days in the White House.

Bid to put pressure on Chrysler 'rebels'

BY IAN HARGREAVES IN NEW YORK

A WORLD-WIDE operation got under way yesterday to try to persuade the 20 banks refusing to participate in the rescue of the Chrysler motor company to abandon their reservations.

The official word from the Treasury is that the recalcitrance of these banks, two of which are in Detroit, jeopardises the entire $3.5bn rescue programme. But no one seriously believes the company will be thrown into bankruptcy because of refusal to participate by 20 bankers at the end of wearying year-long negotiations.

Treasury officials were apparently despatched to New Orleans to a conference of world bankers to push the Chrysler message there. Mr. William Miller, the Treasury Secretary, has been personally involved.

It is thought that four or five of the rebels are European banks. The most intransigent continues to be Banque Bruxelles Lambert of Belgium, which was the first bank to sue Chrysler for the repayment of its loans several months ago.

Deutsche Genossenschaftsbank of Berlin and Trinkhaus and Burkhardt of Stuttgart are also unofficially reported to be among the rebels, but Credit Lyonnais of France, which was prominent among objectors to details of the plan at last week's meeting between bankers and Treasury officials, is thought likely to participate.

In total, the rebel bankers have loans to Chrysler and Chrysler Financial of between $20m and $30m. Banque Bruxelles alone accounts for $10m of this.

The deadline for a decision is Friday next week, by which time the Treasury hopes all the more than 300 lenders involved will have signed the new loan agreements. One problem is that some of the rebel banks have not even attended meetings on the Chrysler issue.

Chrysler to help Peugeot with U.S. dealer network

BY TERRY DODSWORTH IN PARIS

THE FIRST PART of the commercial and industrial co-operation agreement outlined at the beginning of this year between PSA Peugeot-Citroen, the French motor group, and Chrysler, of the U.S., was signed yesterday.

The deal is the first measure in what is expected to be a wide-ranging series of accords designed to combine the marketing and manufacturing capabilities of the two companies. It follows the loan of $100m granted by the French company to Chrysler in February to help the struggling U.S. group with its short-term funding needs.

Under the new agreement, Chrysler has agreed to help Peugeot with the development of its sales network in the U.S. from next autumn. The American company will also assist Peugeot with the adaptation of its present and future models to the conditions of the U.S. market, as well as with the sales of those vehicles. A similar study has now been started for the Canadian market.

The French company added last night that there was a strong possibility of further announcements on specific component deals within the next few weeks. According to the original outline accord there is a plan for Peugeot to sell parts to Chrysler.

Peugeot-Citroen sells its 504 and 604 models in the U.S. through 270 dealers.

East Germany to increase aid to Cuba

By Leslie Colitt in Berlin

EAST GERMANY, which is Cuba's second largest trading partner after the Soviet Union, is to expand its economic and technical assistance programme to Cuba under agreements signed in Havana by Herr Erich Honecker, East Germany's visiting President.

Herr Honecker and President Fidel Castro of Cuba signed a 25-year friendship and co-operation agreement as well as an accord to develop scientific and technical co-operation. Trade between East Germany and Cuba was $325m in 1978, with East German exports of plant and machinery well in excess of the value of Cuban exports to East Germany of metal ores and citrus fruit.

While in Cuba Herr Honecker turned over an East German-built cement plant to Gen. Castro, which will be the country's largest when in full production. The Cuban President said East Germany had provided Cuba a ten-year loan of 62m pesos (£38.8m) for the project at 2 per cent interest which he called a "very fair and advantageous price for us."

East Germany also paid "satisfactory and stimulating prices" for Cuban sugar, nickel and other products, he said.

Threat to pay guidelines in AT and T talks

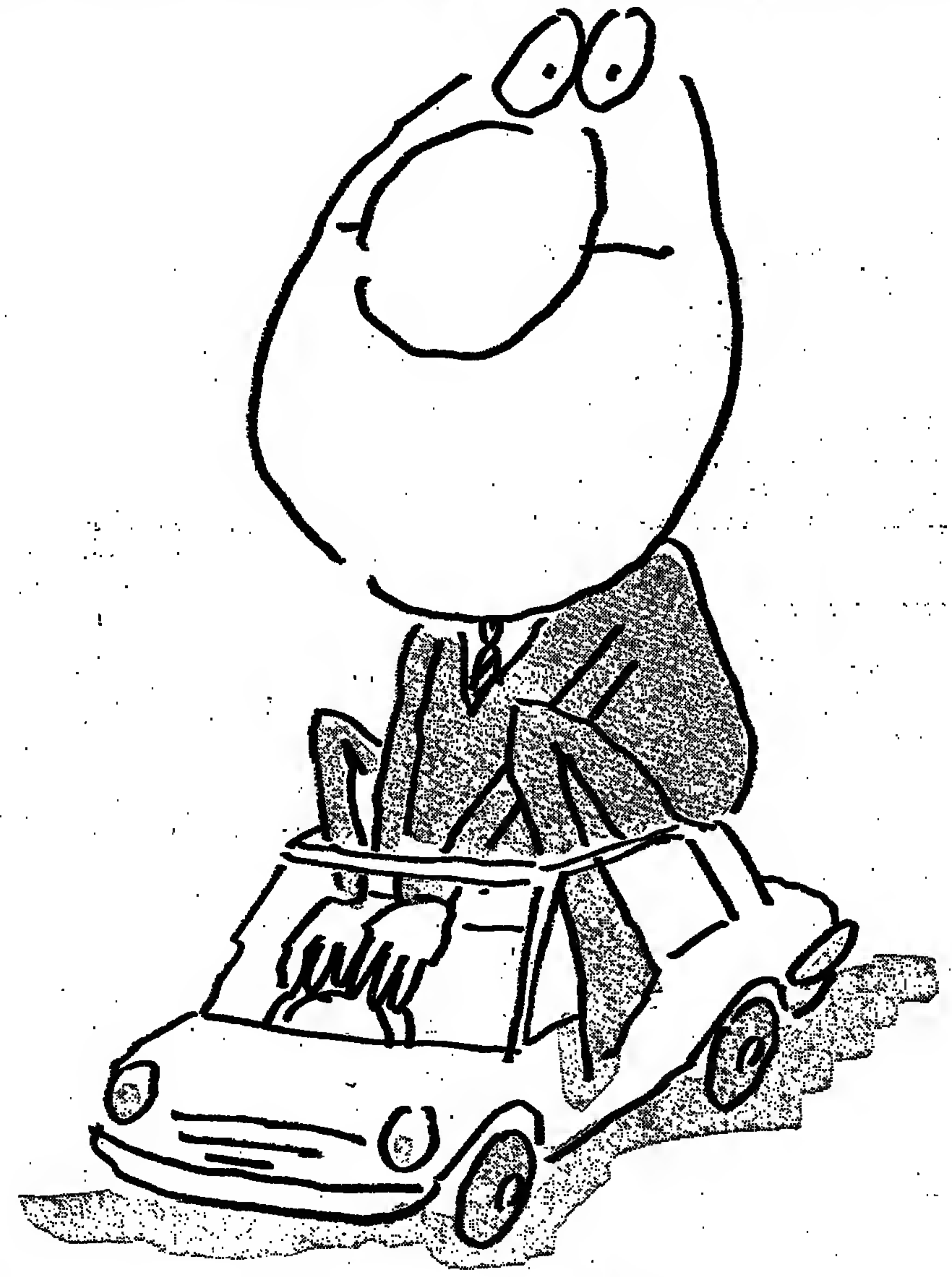
By Our New York Staff

TALKS OPEN tomorrow for the biggest labour contract renewal in the U.S. this year when negotiators from the American Telephone and Telegraph Company (AT and T) sit down with union leaders.

The Communication Workers of America, which represents 525,000 of the 701,000 workers involved, is pressing for annual wage increases of up to 18 per cent, which is almost twice the level of increase permitted under the terms of the Carter Administration's voluntary wage guidelines. The present contract expires on August 9.

The negotiations come at a critical moment for A T and T which, after decades of protection from competition, is facing increasing inroads into its preserves from such companies as International Telephone and Telegraph, which has just started a domestic telex service.

Coming in the wake of the aluminium workers' settlement, which looks like the most generous of the year so far, with a negotiated improvement in the basis on which cost of living increases will be determined, the communications workers can be expected to drive a hard bargain.



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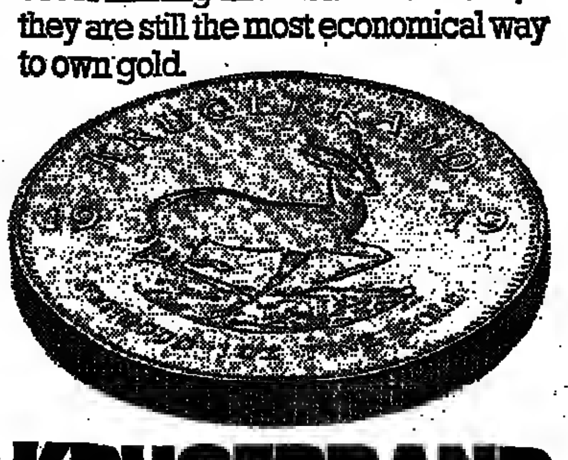
But it might be a safe idea to make gold part of your portfolio.

As history has shown, in the long run it can actually get bigger.

Go to your bank or ask your broker about buying Krugerrands.



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WORLD TRADE NEWS

Japanese aid boosts China's port capacity

BY TONY WALKER IN PEKING

AT QINGHUANGDAO, on China's North-East coast, a tremendous collective effort is in progress to build the first stage of a big new port development which will enable China to sharply increase its coal shipments to Japan.

Each day, hundreds of carts drawn by horses, mules, and donkeys move tons of rock five miles from a dry river bed to an area being re-claimed for the new port.

Qinghuangdao, which already handles more coal than any other Chinese port, will have its capacity trebled when the second stage is completed in 1985. The first stage is expected to be finished by 1982.

The Qinghuangdao port re-development is one of six projects Japan has agreed to support by way of cheap development loans through its overseas economic co-operation fund.

Shrewdly, the Japanese have put up money for projects which will expedite the flow of raw materials for export. One of the problems confronting the Chinese in their efforts to increase coal shipments to Japan has been lack of port capacity. When the Qinghuangdao re-development is completed, the port will be able to handle between 30-40m tonnes of coal a year as against 11m tonnes in 1979.

The Qinghuangdao project, plus five others for which Japan is making development assistance available, symbolise the growing Japanese involvement in China's modernisation programme. And while the concessional loans of $1.5bn to be allocated over five years are "untied," there seems little doubt that Japanese companies will reap a big share of the benefits from China's ambitious plans in port, rail and hydro-electric construction.

The soft loan agreement (3 per cent interest and a 10-year grace period on repayments) reached late last year during the visit to Peking of Mr. Masayoshi Ohira, Japan's Prime Minister, effectively pushes the relationship between the two countries beyond that of a simple commercial partnership.

Japan now has a huge commercial stake in China's modernisation programme. China, for its part, is tied more closely to Japan than it is to any of its other trading partners.

No contracts with foreign companies for plant and equipment to be used in the various development projects have yet been publicised. But according to a commercial official at the Japanese embassy in Peking, it will not be long before agreements are announced. And the official seemed more than happy with the progress Japanese companies had made in their negotiations with the Chinese.

Japan allocated $300m as the first loan payment to be divided among the six projects; all the money is to be used to buy equipment overseas.

An official for the Qinghuangdao port authority said last week that some foreign-manufactured coal-handling equipment was being purchased, but nothing is settled yet.

The first stage of the Qinghuangdao project will cost around $60m, while the second stage will total about $100m; a little less than $25m of the Japanese loan has been allocated for the first stage.

When completed, the port will be equipped to handle three 50,000-tonne bulk coal carriers and a number of smaller coal-carrying vessels.

Under the long-term trade agreement with Japan, China is expected to export about 4m tonnes of coal to Japan by 1982. Much of this coal will pass through Qinghuangdao.

The port of Qinghuangdao will be linked with important coal mines in Shanxi and Hebei provinces by an up-graded rail system — double-tracking and electrification—which will cost about $650m and take three years to complete.

China's overloaded rail system simply cannot cope with the demands being placed upon it: this is particularly so in the North and North-East, where most of China's coal is mined. About $12m of the Japanese loan has been allocated for the first stage of the rail project.

Other projects earmarked for Japanese aid include a deep-water wharf at Shijiusuo in Shandong Province, a 200-mile railway line from a coalfield at Yanzhou, upgrading a rail line in South China between Hengyang (Hunan) and Guangzhou and the construction of the Wugiagzi hydro-electric power station in Hunan province.

The latter is the most ambitious project. It is expected to cost $180m and take six years to complete. Preparatory planning and survey work has been done for the Wugangzi hydro-electric scheme. A share of the Japanese loan will go towards heavy earth-moving equipment for the project.

Japanese officials say work is moving "unusually fast" on all the projects. Certainly, the port re-development at Qinghuangdao is well advanced.

The injection of Japanese money, and with it modern construction equipment, should ensure these six key projects will be completed rather more quickly than some of China's homegrown efforts.

TOKYO — The Bank of China has signed an agreement here for Y122.85bn (£235m) in bank loans from the Export-Import Bank of Japan for oil and coal development projects in China.

The Export-Import Bank said this is the first Ex-Im Bank loan to China and forms part of the Y420bn credit Japan agreed last May to supply to China to help its oil and coal development projects.

The first loan, expected to be dispersed within two or three years, is redeemable over up to 15 years at an annual interest of 6.25 per cent, the bank said.

The money will be used for two oil exploration projects including one in the Bohai Bay and three coal development projects in the provinces of Shandong and Shanxi.

Reuter

SIX SINO-JAPANESE JOINT PROJECTS

LOCATION	NATURE OF PROJECT	ESTIMATED COST
Shijiusuo	Deepwater wharf with two berths to handle 100,000-ton vessels	$320m
Shandong Province	Railway line linking port of Shijiusuo and coal mine at Yanzhou	$300m
Hebei Province	Modernisation of railway line from Peking to port of Qinghuangdao	$650m
Hunan Province	Modernisation of rail link between Hengyang and Guangzhou, including construction of 14 km tunnel	$910m
Qinghuangdao	Port redevelopment to improve coal capacity	$160m
Hunan Province	Construction of hydro-electric project to assist in mining and forestry	$810m

S. Korea's exports rise 18%

SEOUL — South Korea's exports amounted to $6.5bn (£2.76bn) in the first five months of this year, up 18.2 per cent from a year ago, the Commerce and Industry Ministry said yesterday.

It accounted for 38.2 per cent of this year's annual export goal of $17bn.

Exports in May totalled $1.4bn, up 9.1 per cent from the same month of last year.

Receipts of letters of credit for exports were $6.1bn during the January-May period, up 11 per cent from a year ago, the ministry said.

It said that receipts of letters of credit for exports in May were $2bn, up 9.3 per cent from a year ago.

● South Korean motor vehicle production continued to decline in April, according to the Korea Automobile Industry Cooperative.

April production of four-wheel vehicles totalled 10,707 units, 3 per cent below March 1980, but 49 per cent below April 1979. Passenger car production accounted for the decrease. Production fell to 4,894 units, down 10 per cent from March and 63 per cent below April 1979.

Truck and bus production posted slight monthly gains, however. Truck production rose in April to 4,432 units, up 2 per cent from March but 34 per cent below the year-earlier level. Bus production continued strong at 1,218 units, a 12 per cent gain from March and 23 per cent above April 1979.

Agencies

Sharp decline in W. German ship orders

BY ROGER BOYES IN BONN

WEST GERMANY'S shipyards, hit hard by exchange rate fluctuation, and sharp overseas competition, suffered a substantial drop in business last year and expect only a slight recovery in 1980.

This bleak picture—familiar enough to British yards — emerged yesterday at the German shipbuilders' annual conference in Hamburg. German yards delivered 136 seagoing vessels with a total tonnage of 423,903 gross tonnes worth DM 2.2bn (£527m). This contrasts with a production in 1978 of 160 vessels with a total tonnage of 933,000 gross tonnes worth DM 3.8bn (£910m).

The yards are now completely dependent on the production and repair of specialised vessels and freighters. This applies equally to newly booked orders valued at DM 3bn. Leading shippers believe that orders in hand will lead to deliveries this year of a total tonnage of 400,000 gross tonnes—valued at DM 2.4bn.

Herr Rainer Wollman, president of the German Shipbuilding Federation, said that there was a world revival in demand for medium sized tankers and dry bulk carriers.

However Japanese yards had seized most of these orders pushing their total market share last year to over 50 per cent. Herr Wollman and other leading shipbuilders yesterday attributed this mainly to the weakness of the yen against other trading currencies, including the D-mark. This has also served to depress price levels for new ships in general.

As a concrete example, Herr Wollman quoted the case of 120,000 tonnes deadweight bulk carriers which are currently priced by Japanese builders at Yen 9bn—that is $37.5m or DM 67.5m. Had the yen stayed as hard against the dollar as had the D-mark, that Yen 9bn price would have converted at $50m or DM90m. Herr Wollman stressed that Germany simply could not compete in such price terms against the Japanese.

The federation sees a glimmer of hope for the mid-1980s if only because capacity in Western Europe has relentlessly adjusted downwards to meet demand. W. Germany believes it has found an important market niche with its speciality ships which should see it through the crisis.

But the shipbuilders stress that they need continuing government assistance and the confidence of bankers. Ship producers yesterday said that they urgently needed the third tranche of the government assistance programme — the European Commission has so far only allowed Bonn to implement two years' worth of its three year 1978-1981 shipyard subsidy plan.

Long haul for UK in Zimbabwe

BY MARK WEBSTER

BRITAIN HAS a long way to go before it can re-establish its pre-UDI level of trade with Zimbabwe, Mr. Cecil Parkinson, British Minister for Trade, said yesterday.

Speaking at a press conference in London after a five-day visit to the newly independent country, Mr. Parkinson said that before the unilateral declaration of independence (UDI) Britain had 30 per cent of trade with Zimbabwe.

In today's market, that would be worth £200m a year, he said, whereas in the first quarter of this year, British exports totalled only £3m.

Mr. Parkinson said he saw no reason why UK exporters should not regain their influence in Zimbabwe and added: "I was surprised at the extent of the goodwill towards us throughout the business community."

He said many businessmen wanted to buy British goods, although the UK had lost out to those competitors who were prepared to break sanctions during the 14 years of UDI.

Restoring the market would take time, he said, especially as Zimbabwe still had very limited foreign exchange. At one point, the country was down to 10 days' cover for imports, but has since built up its reserves and now had about four months' import cover.

Mr. Parkinson said Britain could penetrate the market with the use of trade, aid, credit and investment, and he was particularly optimistic about prospects for British companies in such big projects as railway electrification, the expansion of energy generating capacity and the construction of a new airport terminal and facilities.

On Zimbabwe's exports to Britain, he said tobacco producers had expressed their disappointment at the slow response of Britain on their return to the free market. Mr. Parkinson said he would be talking to British companies to encourage them to look again at Zimbabwe's tobacco exports.

He also said he had urged the new Government to lay the ground rules for foreign investment in the country. He said he had told the UK Government it should not lose out in the competition for limited investment resources.

South African wage rates, Page 10

GM in joint venture with Taiwan group

TAIPEI — the Taiwan Machinery Manufacturing Corporation (TMMC) and General Motors signed an agreement here for a joint venture to produce heavy-duty trucks, buses and diesel engines in Taiwan.

Named Hua Tung Automotive, the joint venture company calls for an investment of $100m (£42.6m), with GM owning 45 per cent of the capital, TMMC 35 per cent, Central Investment holding 15 per cent, and Bank of Communications 5 per cent, a spokesman for the venture said.

Initially, seven types of heavy-duty vehicles from eight to 35 tonnes will be produced in addition to four types of diesel engine.

Hua Tung will shortly begin construction of a factory in northern Taiwan, which is expected to be in operation early in 1982, with an initial annual capacity of 10,000 units.

Production will eventually be doubled in an effort to market overseas. The company is scheduled to start production early next year using existing TMMC facilities, to meet domestic demand.

● Yoshiki Yamazaki, president of Toyo Kogyo said yesterday Ford Motor of the U.S. plans to market small passenger cars developed by his company in South-East Asia under its own brand name in the "near future."

Mr. Yamazaki said the project calls for Toyo Kogyo, which is owned 25 per cent by Ford Motor, to supply engines and other parts to Asia Pacific Ford of Australia, where the cars will be assembled.

Asia Pacific Ford, a subsidiary of Ford Motor, will then market the car through Ford's sales network, Mr. Yamazaki said.

Agencies.

55 airlines interested in Dash 8

By Michael Donne, Aerospace Correspondent

DE HAVILLAND Aircraft of Canada has received letter of intent from 17 airlines to buy up to 55 of the new Dash 8 twin-engined 32-seat airliner.

These deals are worth about C$400m (£147m). The Dash 8 is being developed at the company's Downsview, Ontario, factory. The programme is expected to create 3,000 new jobs and could lead to export sales worth more than $4bn for Canada.

Based on initial market studies, de Havilland Canada expects to sell more than 600 Dash 8s by the early 1990s. All the 55 aircraft now being sought would be delivered by early 1986.

Included in the airlines involved is Brymon Airways of the UK, which wants two of the Dash 8s.

The Dash 8, at 32 seats, will fit *mid-way* between de Havilland Canada's 19-seat Twin Otter and 50-seat Dash 7 aircraft, which are still in full production.

● Cathay Pacific Airways said it signed an agreement with the Civil Aviation Administration of China (CAAC) for a joint scheduled air service between Hong Kong and Shanghai, Reuter reports *from Hong Kong*.

Starting on June 21, the two airlines will begin a daily service between the two cities, with Cathay operating a Boeing 707 service on Wednesdays and Saturdays and CAAC operating the remaining five flights.

Cathay Pacific is a Swire Pacific subsidiary.

Philippines in experiment with 22 double deckers

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE PHILIPPINES has decided to experiment with double decker buses to see if they offer a satisfactory solution to public transport problems in congested urban areas.

Manila has ordered 22 Leyland buses worth, with spares, £1.25m. The city operates about 4,000 single deck buses, mainly supplied from Japan, but was evidently influenced to try double deckers by the impact they have made in Singapore.

Singapore gave Leyland a pilot order for 20 Atlantean double deckers three years ago and last year followed up with an order for a further 200.

The first two buses for Manila, also Atlanteans, will be shipped out in a fully built-up state this month. Future buses will be supplied in kit form for local assembly through Leyland's distributor, Amalgamated Motors (Philippines).

Body work for the buses will be supplied by Walter Alexander of Falkirk, Scotland.

Bid to solve air traffic delays

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

EFFORTS to ease air traffic control delays and disruptions in Western Europe during the peak summer travel season will be made at a meeting in Paris starting today.

All the major European governments, aviation authorities and air traffic control organisations will be represented in a bid to achieve closer co-ordination of existing individual national systems.

While there is little that the aviation bodies can do about disruptions caused by industrial disputes, which have been widespread on the Continent in recent summer seasons, there is much that can be achieved by closer co-ordination, by improving technical facilities, and by improving air traffic flows so as to prevent saturation of existing systems during peak periods.

All of these methods will be considered, and it is hoped that an agreement will be forthcoming at the end of the ten-day meeting, that will go some way at least towards reducing delays which are not only irksome for passengers but also expensive for the airlines.

● Dunlop Aviation Division of the UK has won a multi-million pound contract from Boeing of the U.S. to provide main and nose-wheel tyres for the new Boeing 757 twin-engined jet airliner.

The contract covers supply of these items for 200 aircraft initially, with provision for further aircraft to be fitted later. In addition, Dunlop will supply tyres for the 757 development aircraft.

The 757 is now in full development by Boeing at its Renton, Seattle, factory, and is due to roll-out in 1981, and fly in 1982, with first deliveries to the airlines in early 1983.

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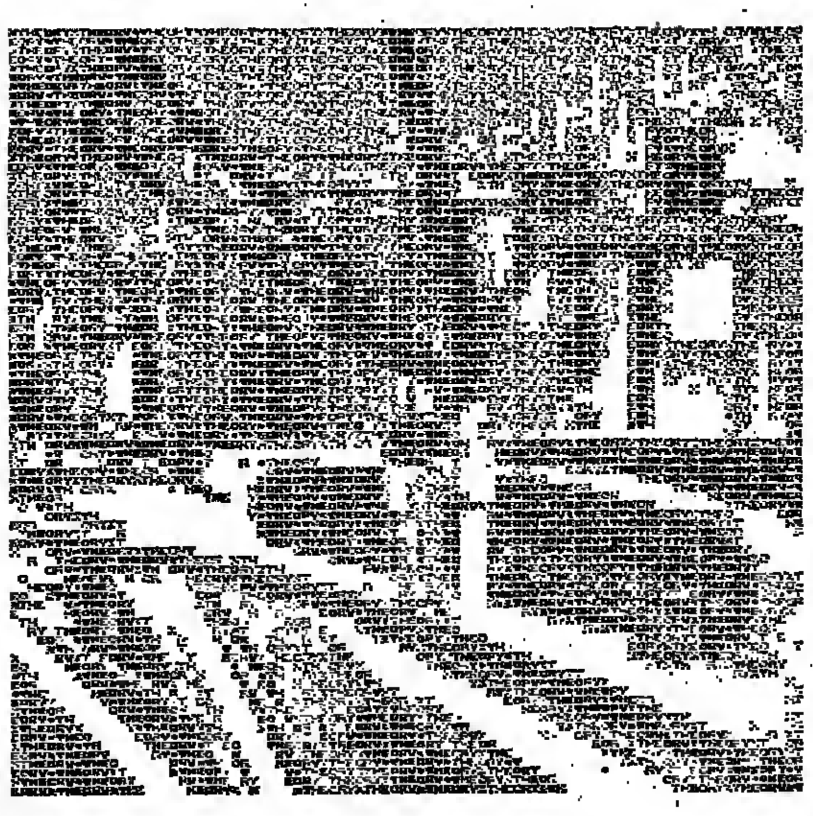

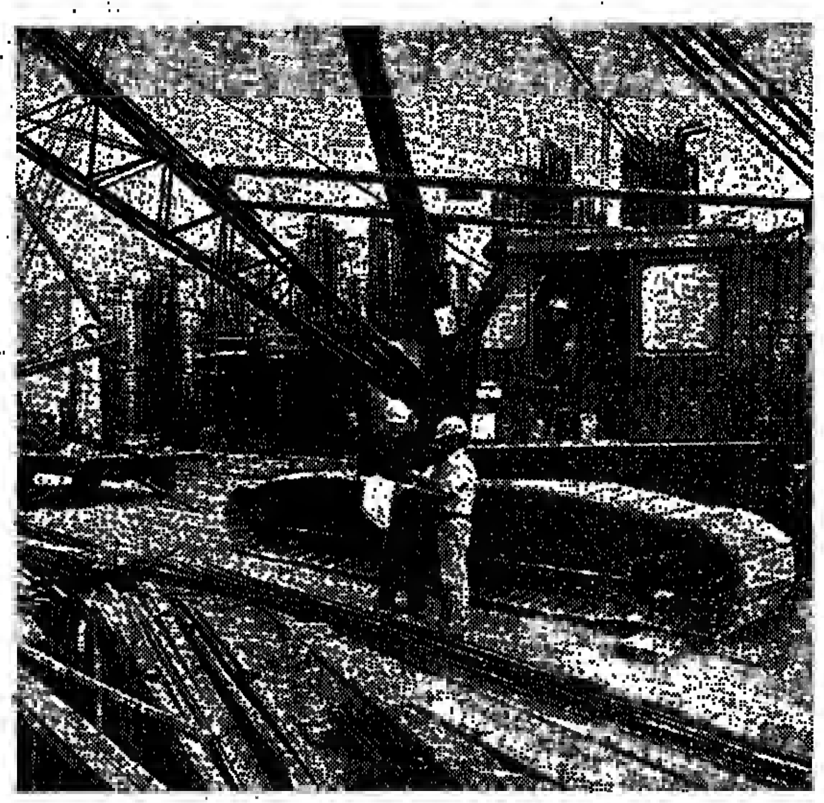

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Lucas likely to seek 2,500 job cuts

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

LUCAS ELECTRICAL is expected to call for more than 2,500 redundancies at its Midland plant when it meets union leaders *tomorrow.*

The company refused to comment last night on the scheduled talks. But Lucas told the unions several weeks ago that it was reviewing labour requirements in the wake of the downturn in the international automotive sector.

The Lucas move is only the latest of a series of redundancies and closures as *component suppliers react to* the recession in the motor industry. Renold is to close its Coventry motor components factory with the loss of more than 800 jobs; GKN Sankey is to cut its workforce by 930, and Wilmot Breeden by at least 308.

"This is only the tip of the iceberg, and redundancies are mounting at an alarming rate," said Mr. Bernie Hunt, Birmingham South district secretary of the Amalgamated Union of Engineering Workers.

"*As importers, particularly* the Japanese, take a bigger share of the UK car market, more than 400,000 dependent jobs in the components industry are at risk. The Government must act before it is too late."

Lucas Electrical, which manufactures a range of components including lights and alternators, has 18,000 employees at 12 sites in the Midlands.

The one bright spot for *Lucas is its* aerospace division with 11,500 workers. Orders *stand* at more than £350m and the company is recruiting labour.

But the industrial picture in the region is one of gloom with the latest Confederation of British Industry survey pointing to a fall in home demand, drop in export orders and planned cuts in investment.

The CBI has warned that unemployment and the consequent social problems could pose a problem for the region. The level of jobless, at 6.2 per cent, is only marginally above the *national* average of 6 per cent

The automotive sector, which accounts for more than one in six of the manufacturing jobs in the region, is the key determinant of economic activity. Many motor component companies are expected to cut their labour force by about 10 per cent over the next 12 months. The pace at which the rundown takes place will depend on whether there is any recovery in the car, commercial vehicle and tractors industries.

Wool body executive to resign

By Rhys David

MR. JOHN WILCOX is to resign his post as area director for North-West Europe at the International Wool Secretariat (IWS), where a major management reorganisation has recently been announced.

The IWS, which promotes wool on behalf of the principal wool-growing countries from its London headquarters, unveiled last month a streamlining of its operations into five new areas.

IWS branch operations in the main wool-buying countries will be the responsibility of the deputy managing director, Dr. John McPhee, who will have five area directors reporting to him. Western Europe, previously divided into three areas, will become a single grouping under Mr. Egon Kolsch, presently the area director for Central Europe. The UK branch, which is under Mr. Wilcox's direction will report to Mr. Kolsch in Dusseldorf.

The IWS in a statement yesterday said that Mr. Wilcox would be leaving to pursue his own business interests. He is a member of the Council of the British Textile Confederation and chairman of the Retail Trading Standards Association. The director of the IWS economics and market research division, Mr. John Kendall, is also to leave and the southern European area director, Mr. David Goodenday, is to retire on health grounds.

Government rejects £30m request to aid phurnacite plant

BY MARTIN DICKSON, ENERGY CORRESPONDENT

THE GOVERNMENT has rejected a National Coal Board request for more than £30m of assistance to renovate a South Wales plant which makes phurnacite, a high quality smokeless fuel.

The decision, to be announced shortly, is not unexpected, but it is likely to provoke more anger in the Welsh coal industry.

It will place additional pressure on the NCB to close heavy loss-making pits—at a time when reduced coking coal demand is forcing the closure of at least six Welsh collieries.

Phurnacite is manufactured in six batteries at Aberaman, Mid-Glamorgan by National Smokeless Fuels. The two oldest batteries in the plant—which runs at a substantial loss—are due to shut in 1982-83, the remainder closing in the 1990s.

The NCB asked the Government for financial support to convert the two oldest batteries to a new West German process which had been found suitable for the manufacture of smokeless fuel from Welsh steam coal.

However, the NCB said it could not justify spending this money on normal investment criteria. It estimated more than a year ago that the operating loss of the plant and supplying pits would still total some £16 a tonne.

The Government has decided, apparently, that the investment cannot be justified on commercial grounds.

The Aberaman plant uses about 1m tonnes a year of coal, most of it supplied by five nearby pits. The closure of the two batteries will reduce this to about 650,000 tonnes a year. The plant and the pits provide employment for about 5,500 men.

The Government's decision comes as the NCB says that at least six South Wales pits—possibly 12—will have to close because of reduced steel production and increased coal imports by the British Steel Corporation.

Welsh miners leaders boycott, Page 11

New tachograph centre scheme

THE Transport Department is extending the network of tachograph calibration centres to remote areas, to encourage garages to become centres.

To qualify, a remote centre must be 25 miles by road from a full standard centre. Scotland and Wales are expected to benefit most from the scheme.

Plans to streamline Companies Court

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

PROPOSALS TO streamline the procedures of the Companies Court and make them more cost-effective are under consideration.

The proposals are among many being looked at by the review body set up by the Lord Chancellor, under the chairmanship of Lord Justice Oliver, to recommend ways of improving the efficiency of the Chancery Division of the High Court. This includes the Companies Court.

The division has a good record for disposing of its business expeditiously, except in longer witness actions where oral evidence is given. These tend to have to wait at least a year before getting into court because of the amount of work in the judges' lists.

One suggestion for easing this problem is that unopposed petitions for compulsory winding-up companies should be heard by the Companies Court Registrar instead of one of the four Chancery judges assigned to company matters.

Such a change, it is thought, would have two advantages. The judges would not have to spend their time, in effect, rubber-stamping unopposed petitions already processed by court officials. They would be free to deal with more important matters.

The change has been mooted for at least 15 years. But it has come under real scrutiny only since the setting up of the review body.

A factor has undoubtedly been the considerably increased number of petitions in recent years. This has meant that one judge has effectively been tied up for one day each week.

In 1976, a record 3,473 petitions were heard. This year's figures are running 15 per cent higher. Between 100 and 150 petitions are listed each Monday. About half are adjourned, for negotiation or arrangements to be made for payment of debts. But about 85 per cent of the original list prove to be unopposed.

For the Registrar to be empowered to make winding-up orders, or to dismiss or strike out petitions, would require a change in court rules. That would present no problem.

What may cause some difficulty is the question of whether the Registrar should sit in chambers or in open court. Under existing procedure, he conducts his business in private. Winding-up petitions are heard in public.

From the court's point of view, it probably makes little difference. Those most concerned would be barristers and solicitors.

At present only barristers have right of audience in the High Court. If the Registrar sat in public that situation would remain, unless the rule were altered. If he sat in private, solicitors too could have right of audience.

Neither the Bar nor the Law Society, which have a joint committee on court procedure changes, has formally given evidence to the Oliver review body, but they are aware of two schools of thought among their members.

Solicitors would like to increase the number of courts where they have right of audience. They would also say that chamber hearings of petitions would be cheaper.

Some Bar members regard the Companies Court, where an unopposed petition is dealt with in a minute or two, as a useful *training ground* for young barristers.

One aspect is the need to ensure that any change in procedure does not diminish the public's knowledge of Companies Court activities.

A high proportion of compulsory winding-up orders receive some publicity—in the Financial Times, which each week publishes a list of companies compulsorily wound up and more important, in local newspapers.

When a company is wound up its workforce adds to unemployment problems—a matter of considerable local interest. Merely to publish a list of such companies, or to make details of the orders available on a public file, would not guarantee the same publicity possible under existing procedure.

Another proposal is that there should be a central register of winding-up petitions, to avoid unnecessary duplication and expense. It is not uncommon for one creditor to file a petition in the High Court and another to petition a county court or district registry.

The local petition has to be transferred to the High Court and orders made on each petition. That means two sets of costs to be paid out of remaining assets, if any, of the respondent company. Less money is available for creditors.

A central register, it is suggested, would enable a creditor to check if a petition had been filed, which it could support, without having to petition itself.

Building society homes plea

BY ANDREW TAYLOR

BUILDING SOCIETIES should become more involved in providing finance for new house-building both for home ownership and for the private rented sector, according to Mr. Clive Thornton, chief general manager of the Abbey National Building Society.

Mr. Thornton, writing in the society's journal Habitat Europe, says that British building societies must become more competitive in raising funds from the personal savings sector if they are to fulfil a much wider role in the housing market.

"If we are to stand any chance of raising the level of home ownership we must have a house-building support scheme. Private builders need finance to purchase building land and an assurance of adequate supply of mortgages."

The private rented sector had declined from 25 per cent of all dwellings in Britain in 1966 to 13 *per* cent by 1978. Building societies could play an important role in ensuring that there was an adequate supply of good quality rented accommodation.

Abbey National has established its own housing association so that it can invest directly in housing programmes without falling foul of "legislation that prevents building societies from owning land."

"We have set aside an initial £5m to finance the construction of 250 two-bedroom housing units and hope that the first tenant will be in residence during 1981."

Mr. Thornton said that societies should also provide support for urban renewal programmes. Abbey was financing the rehabilitation of a number of early 20th century terrace houses in more than 60 specially designated areas throughout the UK.

The objective of building societies over the next decade must "be based on a diversification of our traditional role. The objective must be to satisfy a range of housing needs

Important Rubens to be auctioned at Christie's

SALEROOM

BY ANTONY THORNCROFT

THE AUCTIONS in London were overshadowed by the announcement that Christie's was selling an important painting by Rubens, "Samson and Delilah," on July 11. Sent for auction by a Continental family, it was completed in about 1610 when Rubens was 33 and is a large work in a style untypical of the later Rubens. Christie's is reluctant to put a value on the painting, but its historical interest and the recent sharp upward movement in price for top-quality works suggest it should go for more than £1m.

At Christie's yesterday, a grande-sonnerie striking ebony bracket clock made in about 1680 by Thomas Tompion, the father of English clock-making, sold for £110,000, plus the 11.5 per cent buyer's premium and VAT, to the London dealer R. A. Lee. It was a record for a clock by Tompion, for a bracket clock, and for an English clock at auction. The previous best was the £65,000 for a similar Tompion clock paid at Christie's last year. The Time Museum of Rochford, Illinois, paid £32,000 for a rare Charles II marquetry longcase night clock signed Edwardus East Londini, while a Breguet watch, No. 1147, went for £10,000 to Mannheimer. The sale of clocks and watches totalled £414,273.

Sotheby's started yesterday to sell off one of the best collections of autographs ever gathered together, that of the late Ray Rawlins, who accumulated more than 30,000 items. Top price was the £6,000 which secured a letter signed by Henry VIII addressed to the Duke of Florence in 1544/45. A letter signed by Queen Elizabeth I in 1597 realised £5,400.

At the other end of the scale a 4-inch by 3-inch signed photograph of Margaret Thatcher made £25 and a similar photograph of Sir Harold Wilson and his family made a more modest £3. Other high prices were the £3,400 for an autographed speech by Charles II; £2,800 for signet letters signed by Edward VI; and £2,800 for a document signed by Mary I.

The icon sale realised £118,835. A north Russian early 16th century icon of the Prophet Elijah was on target at £13,500 and a Greek hand cross of boxwood probably made at Mount Athos in the 12th century sold for £6,400.

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UK NEWS

Borrowing target controls questioned

BY ROBIN PAULEY

THE VALUE of the Treasury's public sector borrowing requirement figures as a base for controls on local authority spending has been criticised by the Chartered Institute of Public Finance and Accountancy.

The most recent figures from the Government's central statistical office show that in 1979-80 tha local authority borrowing requirement was £2.9bn compared with an initial estimate in the 1979-80 financial statement and budget report of about £1.2bn.

The enormous discrepancy of £1.7bn bas been attributed inaide and outside Government to large pay settlements in local government. "This claim is unjnstified," said Mr. Noel Hepworth, director of CIPFA.

The vast majority of local authority annual pay awards in the year were below the earnings growth of 14 per cent quoted in the Government's forecast. And the total cost of comparability awards bad an effect on local authorities' cash flow during the year of less than £300m. This is not enough reason for the forecast of local authority borrowing to be wrong by £1.7bn.

Local authorities had been forced to draw heavily on their reserves because of the continuing high level of inflation, which had not been fully allowed for in Government grants to local authorities. Reserves were £1.5bn on April 1, 1979, and had fallen to £1bn by April, 1980. They are expected to fall by another £300m during the current financial year.

Reserves run-down

Mr. Hepworth said reserves bad heen employed until now to avoid external borrowing to finance, for example, capital schemes. But the run-down of reserves bad led increasingly to more funding of capital investment from external sources.

This contributed to the size of the borrowing in the first three months of 1980, which was £1.5bn, reflecting the traditional high level of local authority spending in the spring wben grant income is down, rate receipts are awaited and there is a saasooal increase in capital payments before the end of the financial year.

An unusually bigh proportion of the first-quarter local authority borrowing was long-term debt, probably reflecting the increasing impact of the local authorities' code of practice of borrowing, which is simply to extend the life of debt.

The discrepancy of £1.7bn in the figures is the more difficult to explain as there is no evidence that in 1979-80 local authorities were overspending the Government's public expenditure targets.

"If anything, the figures simply demonstrate the Government'a difficulty in forecasting local authorities' cash flow and must bring into question the efficacy of target PSBR figures as control totals," Mr. Hepworth said.

The figures are also likely to increase criticism that the Treasury sometimes calculates its estimates from dubious data. The Environment Department is known to be concerned that there is no quarterly estimate of local authorities' revenue accounts, for example.

Mr. Michael Heseltine, Environment Secretary, is reluctant to put local authorities under the extra burden of providing the necessary information for the Environment Department to collate the figures, although the need for them becomes more and more apparent.

Regional policies 'helped jobs'

By Anthony Moreton, Regional Affairs Editor

THE ECONOMIC position of the assisted areas improved across a broad front during the 'sixies and 'seventies according to a paper produced by the Department of Industry. But the document admits that it is difficult to judge how much of this improvement was directly attributable to regional policies.

Miss Judith Marquand, author of the paper, says this is because "there is no methodology for assessing the effects of regional policy that is unequivocally defensible and robust."

The problem of analysing regional policy is that it is impossible to say what represents a net addition to economic activity in an area and what is merely a transfer from other areas.

Nevertheless, Miss Marquand believes there is enough evidence to say that it is "highly probable" that "positive regional policies have had a positive effect." And she goes on to say that further work on the role of the infrastructure in stimulating employment and investment, together with the nature and variation in regional public expenditure flows, would be useful.

On the employment side there is evidence to show that in the three main assisted areas — Scotland, Wales and the north of England — employment was higher by at least 20,000 a year, cumulative, during the period 1966-71 and by some 11,000 a year during the years 1971-76 than might have been expected on the basis of trends in the 'fifties.

Changes

There is also evidence that regional assistance was an important factor in attracting firms into the regions, at least up till 1971.

Since then there have been major changes in the pattern of development.

After 1971, Miss Marquand states that the most marked feature was that firms moving did so in order to get out of the cities. Regional policy may have had some effect, but it appeared to be much weaker than in the 'sixties.

The paper, which is an independent one expressing the views of the author rather than of the department, also rejects the belief that labour productivity is lower in the assisted areas. There is "no evidence" for this contention, Miss Marquand asserts.

"The most striking difference, indeed, appears to be that between firms in conurbations and firms elsewhere, rather than between firms in assisted and non-assisted areas."

Measuring the Effects and Costs of Regional Incentives, by Judith Marquand. Government Economic Service Working Paper No. 32. From Department of Industry, 123 Victoria St, S.W.1.

Dover Board calls for £250m on sea-ferry link

BY WILLIAM HALL, SHIPPING CORRESPONDENT

AN investment of £250m in improved cross-channel rail ferry facilities would be a much better and cheaper solution than a channel tunnel, according to the Dover Harbour Board.

In a memorandum to Mr. Norman Fowler, Transport Minister, on Britisb Rail's proposals for a fixed cross-channel link, the Board says that the advantages of the tunnel do not justify the enormous expenditure.

It believes that the provision of better rail connections with the Continent can be done at a fraction of the cost of a tunnel by upgrading the existing train ferry services out of Dover.

The Board says that there is ample evidence that train ferry services can be operated economically and with minimal delays in loading and unloading.

Although there has been a train ferry service between Dover and Dunkirk for 50 years, the Board says that British Rail has made "no real attempt" to develop the full potential of this service for railborne traffic.

As an alternative to the tunnel, Dover argues that the cost of two new train ferry berths at Dover, one at Dunkirk, and four new train ferries, would be less than £250m. It believes that investment in comprehensive train facilities, together with other port developments already planned, is sufficient to meet whatever traffic demand will arise well into the next century.

Dover is the biggest cross-Channel ferry port and handles traffic valued at more than £10bn a year. Forty ships and hovercraft operate to and from the port each day.

Dover's ferries and hovercraft service six Continental ports. Last year Dover handled more than 9m passengers, 500,000 commercial vehicles and nearly 1.3m cars.

DOVER TRAFFIC FORECASTS*

	Cars ('000)	Commercial vehicles ('000)	Passengers ('000)
1979 (acutal)	1,244	532	9,203
1985	1,715	767	12,708
1990	2,135	978	15,560
1995	2,415	1,131	17,600
2000	2,735	1,305	20,000

* "Without-tunnel traffic forecasts for Port of Dover."
Source: Dover Harbour Board

Caravan homes sales rise

BY ARTHUR SANDLES

PRODUCTION and sales of caravans in the UK rose in the first quarter of this year compared with a year earlier—but the rise was due to bigger demand for static holiday and residential caravans rather than for touring models.

National Caravan Council figures abow that in January-March of this year 17,899 caravans were produced, worth just over £52m. In the first quarter of last year 17,577 were produced, worth £40.3m.

Sales in this year's first quarter totalled 15,162 caravans, worth £46.6m, compared with 1979 first quarter sales of 14.081, worth £33.9m. Touring caravan sales dropped by more than 800 to 9,093, but the fall was more than made up by a near doubling of the still tiny residential van market from 585 to 919 units and a leap in the sales of static caravans.

● Motorcycle sales in the UK are continuing to rise, the 288,000 sales of last year ara also seeing a resurgence.

The changing face of British pubs

News analysis ● Gareth Griffiths looks at publicans' profits for 1979 and finds out why so many publicans are pessimistic about the future. He examines the changes taking place in the traditional British pub, particularly in their standards of decor and food, and what steps the pubs are taking to appeal more to the customer.

"THERE IS nothing wbich bas yet been cootrived by man, by whicb so much happiness is produced as by a good tavarn or inn," wrote Dr. Johnson 200 years ago.

Bnt after a poor year in 1979, with real takings down by 5 per cent, publicans must wisb that the sentiments of 200 years ago were more widely beld.

More than a third of the adult population regularly visit Britain's 75,000 pubs. In spite of this evidence of the pub's popularity—it is one of the country's most popular leisure activities—takings were hit last year by industrial unrest, severe winter weather and price increases averaging about 25 per cent.

Drink prices rose by 17 per cent in the last quarter of 1979 compared to the same period in 1978, an increase matched by total spending on drink. However, pub takings went up by only 12 per cent. The extra speoding went into the clubs and supermarkets, which sell drink at often considerably lower prices.

The main casualties of this changing trend appear to he small country pubs without any passing trade, and the unfashionable inner city ones whicb do not serve lunch and lack an office-worker clientele.

Pub landlords are somewhat pessimistic following a series of industry forecast showing a continuing shift in the 1980s to clubs and take-away outlets.

The National Union of Licensed Victuallers, the landlords' association, warned this month that the proliferation of drink outlets "threatened the very existence of our trade."

The association in a submission to the Government on the need for changes in the licensing laws, argues that shops are able to sell alcohol as a loss leader.

"The pile-it-high, help-your-self, sell-it-cheap philosophy has become an alcoholic's dream," it says.

Licensed victuallers have vociferously claimed that they are unable to compete with the supermarkets and, more importantly, the cluba, because of their competitors' price advantages.

In order to make up the balance they want tougher licensing restrictions. Licences abould be granted only where applicants can prove existing facilities in the area are inadequate, they argue.

Publicans and the breweries have been working towards a long-term cbange in the style of public houses. They want them to become social centres, catering for families and friends in comfortable surroundings.

A survey for the Brewers' Society last year found that man opted for a friendly atmospbere, whereas women placed greater empbasis on cleanliness and comfort.

The brewers are backing the strategy with an investment programme of several bundred million pounds a year. The Big Six—Allied, Bass, Grand Metropolitan, Courage, Whitbread and Scottish and Newcastle—plan to spend about £250m this year on refurbishing their pubs.

This can range from complete redecoration costing £100,000 or more to simple improvements in toilet facilities. Critics, including the Campaign for Real Ale, the pub preservation group, suggest that too much renovation is simply "tarting up." False wood veneers, excesses of plastic coverings and gaudy colour schemes, they say, are too common.

An interesting development has been the growth of outdoor drinking. Gardens outside country pubs and tables and chairs on the pavement in town pnbs are catching on in the summer.

Pub food is one of the biggest areas in the past five years to change. The large breweries now tell applicants for pubs that unless they are prepared to serve food they have no chance of being considered.

Industry surveys suggest that a majority of pubs bave still not improved on crisps and cheese rolls. However, food is now being increasingly viewed as an essential part of the "amenities package" pubs see themselves providing.

For the first time this year, Egon Ronay considered it worthwhile to bring out a pub guide. This was not complimentary about the standard of most. "Too many pub meals are, alas, a tale of woe; complete lack of understanding, let alone concern for good food, fare of complete predictability and unreliability of times when it's available," said the guide.

But, in a sizeable minority of pubs, Ronay found prices "remarkably low and it makes one wonder why a conscientiously prepared dish, served appetisingly, and in ample portion, should cost three or four times less in a pnb than in a restaurant."

His pub of the year, The Fox at Ansty, near Dorchester, served a wide selection of cold buffet dishes for £3 and a large ploughman's lunch for 60p.

One obstacle to the pubs' ambitions to provide a better family atmosphere is the licensing laws' restrictions on children. At its recent conference the victuallers' association called for changes to allow children of any age into licensed premises up to 8 pm provided they are accompanied by a parent or guardian. It also wants the legal age of drinking to be reduced from 18 to 16.

Unless these proposals are implemented, pub landlords believe they will lose out increasingly to licensed restaurants and cafes. It seems doubtful though if any change is imminent. The Government has already refused to make such measures a part of official business.

The outlook for pubs is made gloomier by the expected increase in costs, which are likely to outstrip turnover, and put further pressure on profit margins.

In spite of the problems, there appears to be no shortage of applicants to become pub landlords or landladies. A well-sited pub in the South East could attract as many as 100 or more applicants.

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UK NEWS

Michael Donne foresees the 1,000-seater airliner

Stretched Jumbos on way

BRITISH AIRWAYS, which has a fleet of 29 Boeing 747 Jumbo jets in service or on order, is discussing with Boeing the possibility of buying a new "stretched" version of that aircraft that would seat up to 500 passengers or more, compared with the present average of about 400.

This move is being dictated by rising fuel costs, which are making it imperative for all airlines to carry as many passengers as possible on every flight. This year British Airways is forecasting fuel costs averaging $1.20 a U.S. gallon, but it expects this figure to more than double *before* the end of this decade.

At the same time, despite economic difficulties in the U.S., UK and elsewhere, which have slowed the rate of passenger traffic growth, the long-term forecast is for a continued increase, so that by 1986 BA expects to be carrying about 30m passengers a year, against the 20m expected this year.

To meet this expansion British Airways will increase its fleet. By 1986 it will have in service 47 Jumbo jets, against the present 29; 46 Lockheed TriStars, against the present 17; about 36 of the new short-haul Boeing Super 737s, against the present 19; and 33 of the new short-to-medium range Boeing 757s, of which it has already ordered 19 with another 21 on option.

But the airline intends to cope *with much of the growth in* passenger traffic, especially on long routes to the U.S., Australia and the Far East, by increasing the size of individual aircraft, as well as by increased numbers in the fleet. To do this it needs to consider now just what size of aircraft it will need by the mid to late 1980s, to give the manufacturers time to build the aircraft.

Thus it has been talking with both Boeing and Lockheed on bigger Jumbo jets and TriStars but it is primarily on Boeing that the discussions are focused.

Boeing has made an intensive study of possible "stretches" of the 747 Jumbo.

It is committed to one such development — a stretch of 23 feet four inches in the upper deck of the Jumbo (without lengthening the fuselage), to raise the number of passengers in that section from 32 to about 86, and raising the total passenger load of the aircraft to about 496 in a "high density" seating plan.

At least one other airline, Swissair, is interested in this new version, which will be available by the spring of 1983, and is expected to announce an order for it soon.

But British Airways' ideas go well beyond this. One idea being studied is for an aircraft able to carry 571 passengers, by stretching the basic fuselage by about 23 feet and extending the upper deck by 27 feet. Yet another version could be made to seat 630 passengers, by stretching the fuselage by 49 feet, whilst also stretching the upper deck by 38 feet.

Another idea is for a 633-*seater Jumbo that would have* the same fuselage length as present models, but with the upper deck stretched all the way back along the fuselage to the tail.

An even more ambitious longer-term plan is for a "double-bubble" type fuselage, with the existing upper deck being replaced by a completely new additional cabin, based on the design for the smaller 767 airliner. This would give up to 680 seats. This could then be stretched further, by 20 feet overall, to give up to 700 seats. But this type of aircraft would also need a new, bigger wing and bigger engines, and would be much more expensive and take longer to develop.

Neither Boeing nor British Airways has settled on which precise new model to build. Initially British Airways may settle for the same 496-seater that Swissair is interested in, and leave the bigger stretched models until later.

This would suit Boeing, which would prefer, for cost reasons, to expand the Jumbo in an orderly manner. Each "stretch" would cost perhaps $50m to $100m in engineering costs, and the price per aircraft would amount to over $80m, against today's $55m to $68m according to model.

The main factor involved is airline demand, and Boeing has been conducting extensive research with the existing 70 customers who between them have ordered 596 Jumbos, to see what they most want to buy.

But while British Airways may be uncertain about the precise size of its stretched Jumbo, it has no doubt at all that it will have such an aircraft in its fleet by the mid-1980s.

Its view is that the character of the world air passenger market is changing, and that while the business traveller will continue to be a major source of revenue, it is expected that the leisure traveller is becoming much more important. Of the 30m travellers a year on British Airways in the mid to late 1980s, two-thirds or more could be leisure travellers, seeking transport at lower cost.

These cheaper fares will be possible only by reducing costs, and this in turn will be achieved only by bigger aircraft. The day of the bigger Jumbo—and other wide-bodies jets—is considered inevitable by both airlines and manufacturers alike. The only question is timing. The 496-seater will be here by the spring of 1983, but the day of the 1,000-seater Jumbo could emerge in the 1990s.

Move for enterprise zone near the City

By Robin Pauley

TOWER HAMLETS Council is submitting a bid to the Environment Department for the creation of an enterprise zone on the Isle of Dogs.

The council believes an enterprise zone, with all the attached benefits, could increase borough job opportunities and provide impetus for the swift redevelopment of West India and Millwall docks, due to close this year.

The Government plans to establish seven or eight experimental enterprise zones—one in Wales, Scotland and Northern Ireland, two in London and two or three more in England.

Companies within the zones, of not more than 500 acres each, will be exempt from Development Land Tax.

In addition, industrial and commercial property would be rate free. There would be 100 per cent capital allowances for commercial and industrial buildings, simplified planning procedures, and exemption from Industrial Development Certificates and Industrial Training Board requirements.

Tower Hamlets council believes a zone could also attract Government funds for major infrastructure works and would create industrial confidence in a borough only four miles from the City of London.

The council's proposed site covers 446 acres including 244 acres for new industrial and commercial developments.

The council would prefer the zone to contain a balanced mix of housing and industry.

Other possibilities for a site in London are at Beckton, in Newham, at Wandsworth and at Shoreditch.

Companies in liquidation urged to keep key records

Gareth Griffiths looks at the Business Archives Council's efforts to increase industry's awareness of its past and to build up a bigger case history of companies.

COMPANIES IN the process of liquidation are being urged to preserve key historical records as part of an exercise to build up bigger case histories of British companies.

The Business Archives Council, which tries to increase industry's awarenes of its past, decided six months ago to set up a monitoring service.

A full-time adviser checks the Press for companies being liquidated, writes to them and explains the need to preserve key records. County record office facilities are also explained. The council also provides an advisory council for companies. Industry's reaction seems to be twofold: either companies are flattered or ignore the offer.

The archives council is to survey the business records of the first 1,000 limited liability companies in what has been described as the biggest exercise in company history yet carried out.

The survey starts in September and will take several years to cover the accounts, plans of premises, correspondence, orders and types of products of the companies, set up in the last century. Similar surveys have been done for shipbuilding, shipping, banking and insurance.

A major spin-off from the survey has been companies' increased interest in their records and history. Previous surveys generally acted as a catalyst for further research, using the thousands of individual documents recorded as source material.

The archives council, which has been preaching the need for business to look after its past since the early 1930s, has seen its company membership grow to 250 in the last two or three years.

About half the largest 200 companies are members, including Marks and Spencer, Ranks Hovis McDougall, Tube Investments and the Co-operative Wholesale Society.

Dr. John Orbell, the council's ex-director, believes that companies are increasingly aware of the commercial value of preserving *their records*. He says a responsible archives policy helps build up goodwill, promotes an established image and, in many cases, provides information about a company's premises or products, essential when modernisation schemes are under consideration.

The other main body in business history is the London School of Economics Business History Unit. Set up last year with £500,000 from industry, its backers include Sir Alastair Pilkington of Pilkington Brothers, Mr. Edmund Dell of Guinness Peat, and Mr. Robert Leigh-Pemberton, chairman of National Westminster.

Its work is concerned primarily with building up the study of individual company history. Other projects include the compilation of a six-volume dictionary of business biography, the first historical biographical dictionary of UK businessmen.

A Nuffield scheme for teaching sixth-form pupils business history has been set up and busines history is gradually percolating down to economic history degree courses. Companies are often approached by schools for help over projects, usually of local interest.

Dr. Leslie Hannah, the unit's director, believes that industry's current attitudes can be at least understood in the light of historical evidence. He cites the debate over the Finniston report on engineering as a prime example.

Overall, there is still a lot to be done, according to most business archivists. "The situation in business history has changed from disastrously bad to just bad," one noted.

In contrast, business history in Japan is seen as almost as important a discipline as economics. Japanese universities have 1,500 professors of business history. In the U.S., Harvard established a chair of entrepreneurial history before the second world war.

Local business history groups have been set up in the north-east, north-west and London. Several important business company histories have also been published, such as Pilkington's or ICI. But enthusiasts still shudder at the public relations pap too many companies turn out for their centenaries or similar events.

Barbara Ward honoured

THE Royal Society of Arts Albert Medal for 1980 is being awarded to the writer and economist Barbara Ward—Baroness Jackson of Lodsworth—for her work on international co-operation in economic development.

Barbara Ward, author of several books, is retiring this year as president of the International Institute for Environment and Development, an office she has held since 1973. The medal is the highest award of the Royal Society of Arts.

Most office staff have at least four weeks' holiday, says survey

BY ROBIN PAULEY

ABOUT 75 per cent of office workers in Britain have at least four weeks' basic holiday a year, and there is a growing tendency to give extra holidays to staff with long service.

Holidays are second only to salaries in negotiations between staff and management, according to a survey by the Institute of Administrative Management. About 38 per cent of the four-week holiday entitlements were negotiated by a trade union or staff association.

The survey covered more than 1m office staff employed by 817 organisations throughout the main sectors of industry and commerce. It shows that a union closed shop—membership of a union as a condition of employment—operates in 4 per cent of the businesses surveyed. This system is most evident in the West Midlands, north, north west and Wales—regions containing large industrial centres.

About 60 per cent of the companies required staff to refund holiday pay if they left before the end of the year and had taken more holiday than their service entitled them to.

"It is surprising how often *leavers are aggrieved at the* thought that management takes something back, even though their contract shows clearly that they have taken more holiday than they are entitled to," the survey says.

About half the companies give one or two days extra holiday to office staff after one to five years' service, and a third give an extra week.

If staff become ill while on holiday, 73 per cent of the companies allowed the staff to retake their holidays later, although most required a sickness certificate as proof of illness. Central London was more generous than other regions, with 85 per cent allowing holidays to be retaken.

The trend towards leave for family reasons continued, with 13 per cent of companies allowing unpaid leave to some married staff for the duration of school holidays. The same *percentage also allowed* paternity leave, usually between three and five days.

About 12 per cent of companies still make no reduction from the normal rate of salary for sickness payments. "Even when all state national insurance benefits are deducted there is still a gain to the employee who does not have to pay income tax on state sickness *payments*.

"It is difficult to see any justification for a system which gives an employee a larger income when sick than when at work," says the survey.

A quarter of the businesses surveyed helped office staff with the cost of season tickets for travel to and from work. They were mostly in the London area, Birmingham, Glasgow and Manchester. Personal loans, in certain circumstances, were also available in 34 per cent of companies.

* *Office holidays, sickness and other benefits: £36: Institute of Administrative Management, High Street, Beckenham, Kent.*

War on Waste campaign in print industry

Financial Times Reporter

AT LEAST 20 per cent of materials coming into the printing industry do not reach customers in saleable form, according to estimates by the NEDC printing industries sector working party.

In a bid to combat this the working party is launching a War on Waste campaign. It believes that determined efforts could save a fifth of the industry's wastage—with substantial benefits for individual companies and a £20m saving on the nation's import bill.

Companies are being invited to nominate a senior director to co-ordinate their efforts. The working party team includes national officials of three of the industry's unions and they are urging their members to cooperate with the campaign.

Interest cut to boost jobs in assisted areas

Financial Times Reporter

AN INTEREST rate cut on Government loans for business projects in development areas was announced yesterday. For employment-creating projects the rate is down from 13.5 per cent to 12.5 per cent.

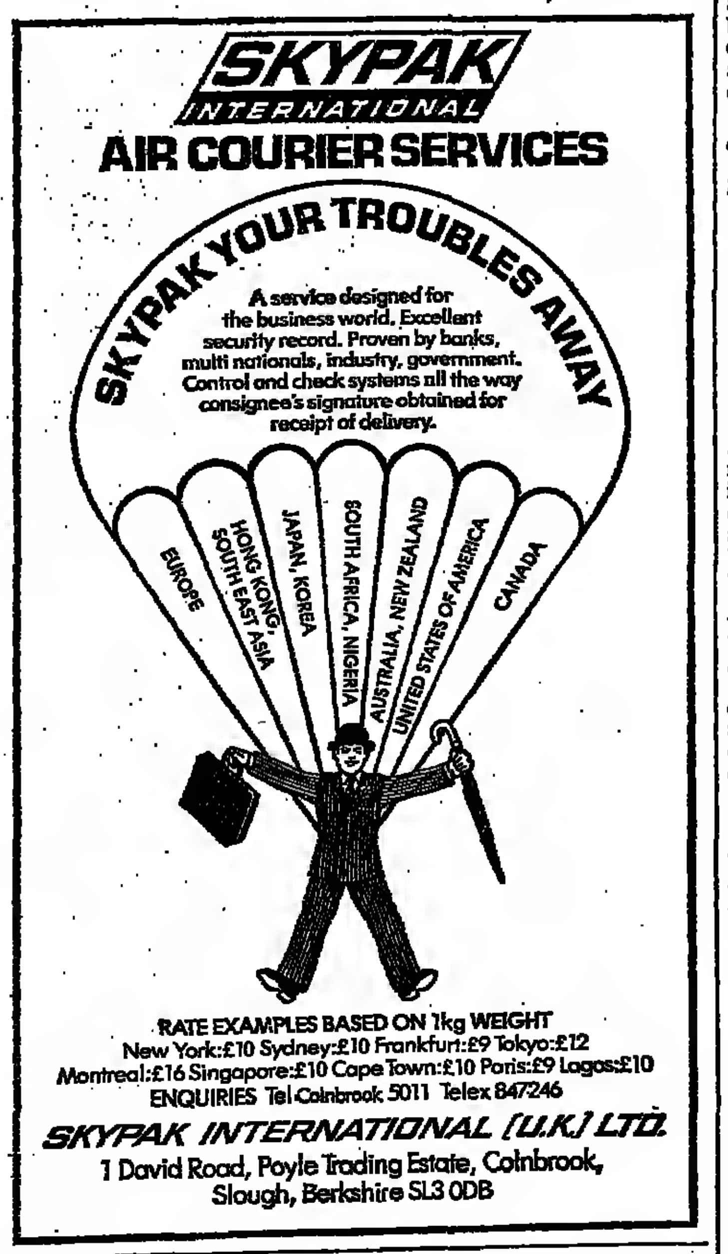
On modernisation projects not producing additional employment the broadly commercial rate of loan interest drops from 16.5 per cent to 15.5 per cent.

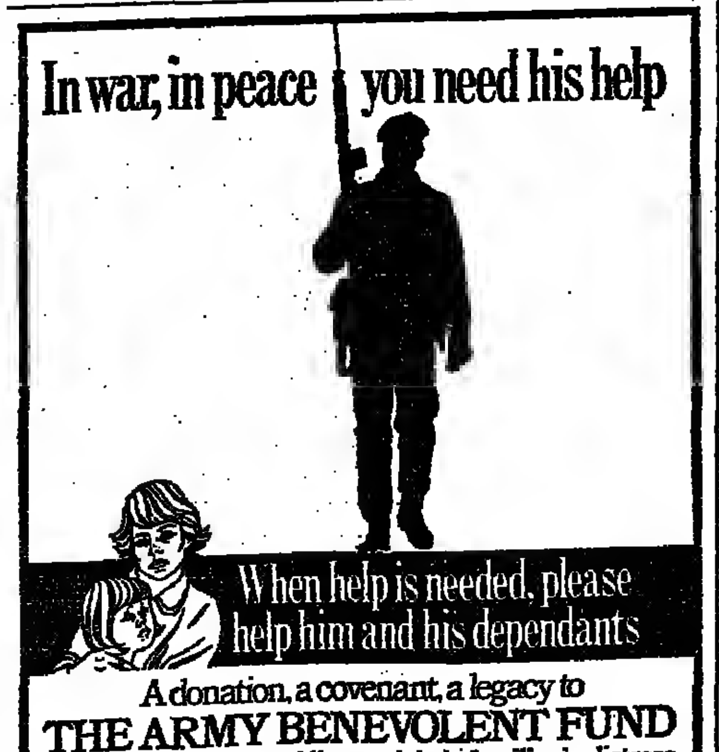
The reductions are the second on regional financial assistance loans since the December peak. But industry is still waiting to see a cut in the general level of Britain's record-breaking interest rates.

New national stamps on way

NEW "COUNTRY" definitive stamps for Scotland, Wales and Northern Ireland will be issued by the Post Office on July 23 in values of 12p, 13½p, and 15p for air mail.

They will have the same design as the British definitive stamps and will include the Scottish lion, Welsh dragon or Red Hand of Ulster.





Shore attacks EEC formula

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE AGREEMENT over Britain's Common Market budget contribution meant that Mrs. Thatcher was still playing "Lady Bountiful to the EEC," Mr. Peter Shore, Labour's Shadow Foreign Secretary, claimed in the Commons yesterday.

"How can the Prime Minister agree to so wet a formula for the future?" Mr. Shore demanded.

He claimed that with a little more nerve and persistence, and by continuing to veto an agricultural price rise, the Prime Minister could have carried out her promise to eliminate Britain's net contribution and win a fundamental and lasting change in the Common Agricultural Policy.

There would be further increases in the price of our milk, lamb and cereals and the UK would still be the second largest contributor to the budget.

He argued that the agreement meant that Britain would have to pay out no less than £1,500m over the next three years to countries more prosperous than ourselves.

The new package, agreed in Brussels at the end of last week, was outlined in the Commons by Sir Ian Gilmour, the Deputy Foreign Secretary. In a separate statement, Mr. Peter Walker, Minister of Agriculture, gave details of the agreement to raise farm prices by 5 per cent.

According to Sir Ian, the balance of these two agreements taken together "add up to a fair and advantageous outcome."

He said it was "sheer effrontery" for Mr. Shore to say that the Government should now turn down a refund of £710m this year and £860m next year.

Both Ministers failed to mollify the Labour Party, which claimed that the Prime Minister had failed to secure her objective of getting a broad balance on the budget.

They argued that the agreements failed to get to grips with the problem of the Common Agricultural Policy, and maintained that the price increases to British housewives would result in further inflationary pressure and higher wage demands.

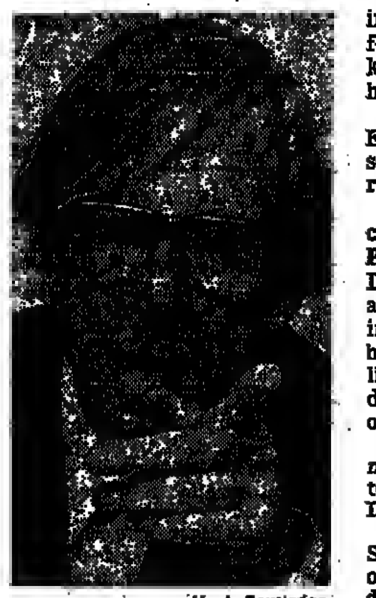
They firmly believed that the decision to raise agricultural prices was a trade-off agreed to by the British Government in order to get a settlement of the budget question.

Mr. Roy Mason, Labour Agricultural spokesman, alleged that Mr. Walker had clearly been used as the "fall guy" by Mrs. Thatcher and Lord Carrington in their budget negotiations.

Mr. Mason said that as a result of the agricultural agreement, average prices for the British consumer would rise by between 5.5 per cent and 7 per cent at a cost of £300m. Within 12 months there would be a lamb mountain of between 30,000 and 35,000 tonnes.

But Mr. Walker told him that he was 50 per cent out in his figure for the price rise to the consumer. In fact, the increase was £200m.

The agreements were, however, given a favourable response from Conservative MPs.



Hugh Routledge

Peter Shore: wet formula

A succession of Tory backbenchers congratulated the Government, particularly on the higher prices for British farmers.

Mr. Michael Morris (C., Northampton South), said that for an increase on the retail price index of 0.15 per cent the Government had achieved a two-thirds reduction in Britain's contribution to the budget. This would be welcomed by the British housewife.

Mr. Tony Marlow, (C., Northampton North), one of the few Tory critics, said that a Sunday Times investigation estimated that Britain was paying an extra £1,500m a year on food bills as a result of the Market. He thought this was "a hell of a price to pay."

"If this is the limit of European generosity, then the sooner we pull out of this regime the better," he said.

The agreements were also condemned by Mr. Enoch Powell (Ulster Unionist, South Down). He said that there was a deep and rising determination in the country that Britain must be free from the intolerable limitations placed on our freedom of action by membership of the EEC.

"The statement you have just made will prove to be a step towards that end," he told Sir Ian.

In his statement to the House, Sir Ian stressed the importance of the Council of Ministers' decision to review the development of Community policies and the operation of the budget. This, together with restraints imposed by the 1 per cent VAT ceiling, would enable Britain to press for lasting reforms to resolve the budgetary problems.

There were cheers from the Conservative benches when he hit back at Mr. Shore by telling him that under the new arrangements, food price increases in a year would be equivalent to those which took place in a fortnight under Labour.

The food price increases would be very small indeed, he said. They would add 0.15 per cent to the retail price index and 0.7 per cent to the food price index in a full year.

Roger Taylor

Sir Ian Gilmour, Mr. James Prior and Lord Carrington leave yesterday's Cabinet meeting.

Food price rises will 'mock restraint plea' says Labour peer

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE BUDGET settlement also came in for criticism from Labour peers in the Lords where a statement was made by Lord Carrington, Foreign Secretary.

From the Opposition front bench, Lord Goronwy-Roberts said that the statement had not come to grips with the fundamental problem facing the Community and Britain.

He attacked in particular the increases in food prices. The British housewife would be paying 80p for butter while the Russians would pay 34p.

"They will be laughing all the way to Afghanistan and beyond," said Lord Goronwy-Roberts.

By increasing food prices the Government had made a mockery of its pleas to the trade unions to exercise wage restraint in the next few months.

"Wage demands begin not on the shop floor but in the kitchen," he said.

For the Liberals, however, Lord Gladwyn, said his party wholeheartedly welcomed the deal and congratulated the Foreign Secretary on the settlement.

Lord Carrington told the House that in one year in office the Tories had not only persuaded the EEC that there was a budget problem, but had got a solution which was satisfactory "as far as it goes."

"It does not lie in the mouth of members opposite to criticise the settlement," he said. "The whole point of this deal is that it now recognises that there has got to be a new look at the financing of the EEC and it can't go on as it is."

The Foreign Secretary maintained that it had been the stand taken by the Prime Minister which had enabled Britain to get the present deal.

"Don't let us underestimate the political advantages of the Community," he said.

Labour picks at political crumbs

BY PHILIP RAWSTORNE

LABOUR WAS left with few political crumbs in the Commons yesterday as the Government accepted the EEC's offer of two-thirds of a loaf.

Mrs. Margaret Thatcher, who has pummelled and kneaded the Common Market agreement into shape, sat silently by while her Ministers delivered the bread.

Sir Ian Gilmour, Deputy Foreign Secretary, and Mr. Peter Walker, Agriculture Minister, made the most of the Cabinet's deal.

Buttering the slices lavishly, they satisfied all but a few dispeptic Tories.

A hell of a price to pay rumbled Mr. Tony Marlow, earning a further rebuke from the Speaker for bad manners.

Labour MPs greeted the spread before them with noisy derision.

Mr. Peter Shore demanded acidly what had happened to the broadly balanced bill of fare that had been promised.

Britain would still have to pay £1.5m over the next three years and would be the second largest contributor to the budget, he said.

British consumers were now going to pay even more for their food while surpluses continued to amass in the Community, he said.

The total effect on British food prices would be to increase them this year by as much as the last Labour Government increased them every fortnight, said Sir Ian.

Tory MPs howled with laughter and Mr. Shore protested indignantly about Sir Ian's "bogus indignation."

The deputy Foreign Secretary pointed out that even Mr. Callaghan had said the farm price freeze should only be maintained until the budget issue was settled.

Mr. Callaghan protested strongly that his words had been totally misconstrued.

"It is impossible to misconstrue them any other way," Sir Ian lightly replied.

Mr. Enoch Powell, pecking vigorously at the EEC's offer, warned that there was "a deep and rising determination" in the country to be rid of the Common Market's intolerable limitations on our freedom.

"The statement you have just made is a step towards that end," he declared.

"I think, that's extremely unlikely" said Sir Ian, promising that Britain would now play a full and co-operative role in tackling the community's problems.

Sir Ian dosed a further outbreak of Labour gripes—but the grumbles began to sound more hollow. Mr. Roy Mason got even less sympathetic treatment from Mr. Walker.

For all Labour's claims of broken promises, Mr. Walker claimed that many of his achievements would benefit the consumer as well as the country in general.

Cheaper butter, reasonable lamb prices, whisky export rebates—Mr. Walker ran through the list with a sharpening political appetite.

For a British Minister to come back from Brussels with such goods was an historic event, he declared.

S. Africa wage rate measures ruled out

MR. CECIL PARKINSON, Minister for Trade, last night ruled out the use of compulsory measures to require British companies operating in South Africa to give details of the wage rates paid to their African workers.

He told Mr. Michael Meacher (L., Oldham West) that the Government was taking similar action to that of the previous Administration, in which Mr. Meacher served as a junior Trade Minister.

"As Mr. Meacher will recognise, coercion would be incompatible with the voluntary code published by that Administration," said Mr. Parkinson.

Mr. Meacher had asked what action the Government took to obtain the co-operation of the 17 British companies operating in South Africa who had refused to provide information under a code of conduct.

Major impact on public borrowing

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

BRITAIN'S PROPOSED deal on its EEC Budget contributions will have a major impact on both the current account of the balance of payments and on public sector borrowing. But it will make little difference to the underlying monetary prospects and to the outlook for interest rates.

The deal as confirmed in the Commons yesterday would reduce the UK's net contribution this year from £1.08bn to £370m and, in 1981, from £1.3bn to £440m.

These figures compare with the Treasury's forecast at the time of the Budget of a current account deficit of £2½bn this year and public sector borrowing of £8½bn in 1980-81.

The agreed savings can broadly be deducted from these projections. This is because the Government has made it clear that the deal will not result in any net additions to spending. Thus any part of the rebate from the EEC which is allocated to infrastructure spending within the UK is likely to be treated as a substitute for existing British Government programmes.

Similarly, the Government was indicating yesterday that the money would not go to finance tax cuts in view of the overriding objective of reducing public-sector borrowing in order to contain the rate of monetary growth.

It is still not clear when the adjustments will be made though it is hoped that the rebates on the reduction to the UK's 1980 contribution will be received before the end of the 1980-81 financial year.

The monetary impact of the deal is more complicated since the UK's contributions are an external rather than an entirely domestic transaction.

The net effect on the main domestic monetary measures is likely to be small and will depend on the assumptions about exchange rate policy. Any intervention might lead to inflows which could boost the money supply.

These items will be altered in offsetting ways as a result of the deal.

The general view among most City analysts yesterday was that the main direct result of the EEC Budget deal would be to intensify existing upward pressures on the sterling exchange rate which is already leading to vocal complaints from industrialists.

The EEC Budget contribution component of the current account has its counterpart in external and foreign currency finance for the public sector.

Tough calls on public wages

BY IVOR OWEN

MINISTERS FACED repeated calls from the Tory back benches last night for more effective action to prevent excessive wage settlements in the public sector.

They were led by Mr. Christopher Patten (C., Bath), a former director of the Conservative Research Department, who underlined the need to establish a clear link in the public sector between earnings and ability to pay.

To cheers from his backbench colleagues, he declared: "Cash limits have got to mean what they say and we have got to make it clear that 25 per cent into 14 per cent does not go two years running."

Mr. Patten, speaking in a wide-ranging debate on the economy during the committee stage of the Finance Bill, argued that monetarism was not enough to deal with the pay issue but stressed that he was not advocating a return to a full-scale institutionalised incomes policy.

But he insisted that the use of the staging process to enoble cash limits to be overcoma must not be allowed to continue.

Mr. Patton endorsed the view of the CBI that pay policy could only be a palliative and not a cure, but suggested that there was a role for arrangements which brought greater awareness of market forces into pay bargaining.

He described the outcome of the first pay round during the lifetime of the present Government as "damagingly high."

Mr. Patton warned: "that pay round is going to make our problems over the next two or three years very mnch more difficult than it would otherwise have been.

"The next pay round will bave to be very different."

Mr. Denzil Davies, Chief Opposition spokesman in the debate, mointained that Government policies were responsible for at least 8 per cent of the increase in the level of inflation over the past 12 months.

He bighlighted the difficulties which companies would face in the next pay round if it begun with inflation running at an annual rate of 22 to 23 per cent.

Mr. Davies pointed out that 20 per cent settlements had been made at the start of the current wage round when the inflation rate was 14 to 15 per cent.

As the wage round progressed there had been higher settlements than those at the start and this was something which could well happen next year.

Mr. Davies contended that o reduction in interest rates with inflation at its present level would laad to more bank borrowing, with some firms using borrowed money to finance pay deals.

Labour rally on disarmament

THE LABOUR Party is to hold what it is hoping will be the biggest nuclear disarmament rally since the Ban the Bomb demonstrations of the 1960s.

The rally, to be held in London on June 22, comes at a time when the Labour Party is again divided over the whole question of nuclear weapons. But the party should be able to present a fairly united front on this occasion as virtually all the speakers share the Left's belief in unilateral disarmament.

The rally will make three specific demands: "No Cruise missiles on British soil; no successor to Polaris; and no increase in arms spending."

All these demands were included in the statement put to last weekend's special party conference, which Mr. Callaghan agreed, but the demands go much further than some members of the Shadow Cabinet would want.

Cabinet to assess course of policies

BY RICHARD EVANS, LOBBY EDITOR

AN ALL-DAY meeting of the Cabinet has been arranged next month to allow Ministers to take stock of their economic policies and to assess the results of the Government's first year in office.

The meeting, to be held at 10, Downing Street on July 16, will give a rare opportunity for the Cabinet to study the effects of monetarist policies in depth, in contrast to the crowded schedule of weekly Cabinet meetings.

Any suggestion that it is an emergency meeting called to consider a change of policy is firmly rejected in Whitehall. But it will clearly give those Ministers who are known to have reservations about the direction of Government policy the opportunity to express them.

So far, the so-called "wets" have occasionally expressed reservations in private about the emphasis on monetarism, but any criticisms have been met with the arguments that more time is needed for the strategy to work, and that there is no viable alternative.

But there has been growing pressure on Ministers and Conservative backbenchers from industrialists ond businessmen for o moderation of Government policy in order to lower interest rates and to make exports mnre competitive.

There is also increasing anxiety in some sectors of the Conservative Party about the directioo the next pay round will take unless there is a move towards an incomes policy. Some MPs advocate a total freeze, but there is no evidence that this has gained support in the Cabinet.

The gloom of recent economic ond business forecasts could strengthen the resolve of those members of the Cabinet who have anxieties about the inflexibility of the guidelines being pursued by Mrs. Thatcher and ber Treasury Ministers.

The bolding of special Cabinets oo particular subjects was favoured by both Mr. Edward Heath and Sir Harold Wilson. Mrs. Thatcher held similar meetings of colleagues when she was Opposition leader, and further Cabinet meetings are anticipated on different issues.

Employment Bill amendments

THE GOVERNMENT will again coce under pressure from its supporters to tighten up the Employment Bill wben the Lords begins its Committee Stage debata today.

A group of Tory peers have put down a number of amendments to the Bill which take up the points made throughont its passage through the Commons by Right-wingers on the central issuea of the closed shop and secret ballots.

BASE LENDING RATES

A.B.N. Bank	17 %	■ Guinness Mahon	17 %
Allied Irish Bank	17 %	■ Hambros Bank	17 %
American Express Bk.	17 %	■ Hill Samuel	§17 %
Amro Bank	17 %	C. Hoare & Co.	†17 %
Henry Ansbacher	17 %	Hongkong & Shanghai	17 %
A P. Bank Ltd.	17 %	Industrial Bk. of Scot.	17½%
■ Arbuthnot Latham	17 %	Keyser Ullmann	17 %
Associates Cap. Corp.	17 %	Knowsley & Co. Ltd.	19 %
Banco de Bilbao	17 %	Langris Trust Ltd	17 %
Bank of Credit & Cmce.	17 %	Lloyds Bank	17 %
Bank of Cyprus	17 %	Edward Manson & Co.	18 %
Bank of N.S.W.	17 %	Midland Bank	17 %
Banque Belge Ltd.	17 %	■ Samuel Montagu	17 %
Banque du Rhone et de la Tamise S.A.	17½%	■ Morgan Grenfell	17 %
Barclays Bank	17 %	National Westminster	17 %
Bremar Holdings Ltd.	18 %	Norwich General Trust	17 %
Brit. Bank of Mid. East	17 %	P. S. Refson & Co.	17 %
■ Brown Shipley	17 %	Rossminster	17 %
Canada Perm't Trust	18 %	Ryl. Bk. Canada (Ldn.)	17 %
Cayzer Ltd.	17 %	Schlesinger Limited	17 %
Cedar Holdings	17 %	E. S. Schwab	17 %
■ Charterhouse Japhet	17 %	Security Trust Co. Ltd.	18 %
Choulartons	17 %	Standard Chartered	17 %
C. E. Coates	17 %	Trade Dev. Bank	17 %
Consolidated Credits	17 %	Trustee Savings Bank	17 %
Co-operative Bank	*17 %	Twentieth Century Bk.	17 %
Corinthian Secs.	17 %	United Bank of Kuwait	17 %
The Cyprus Popular Bk.	17 %	Whiteaway Laidlaw	17½%
Duncan Lawrie	17 %	Williams & Glyn's	17 %
Eagil Trust	17 %	Winstrust Secs. Ltd.	17 %
E. T. Trust Limited	17 %	Yorkshire Bank	17 %
First Nat. Fin. Corp.	19½%		
First Nat. Secs. Ltd.	19 %		
Robert Fraser	17 %		
■ Antony Gibbs	17 %		
Greyhound Guaranty	17 %		
Grindlays Bank	‡17 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 15%, 1-month deposits 15¼%.
† 7-day deposits on sums of £10,000 and under 15%, up to £25,000 15½% and over £25,000 15¾%.
‡ Call deposits over £1,000 15%.
§ Demand deposits 15%.

"Our business blossomed when we moved to a nursery."

"OUR company motto is 'We're in business to solve your problems'. Unfortunately, it was a little difficult to do that from two rooms above a bank. We couldn't even get some of the equipment we were working on up the stairs!"

John Hutchinson is the founder and Managing Director of LC Automation, who specialise in the design and production of advanced electronic control systems.

"When we decided to move, the nursery factories in Central Lancs were the most enterprising we saw. Everything was finished to a high standard... walls were painted, power points were installed, heating and lighting ready to use; we could walk in and start work immediately.

"From a cost point of view, Central Lancs was definitely the best value for money."

John expected to stay in his new factory for at least four or five years.

But things went even better than expected, and within just 3 years, LC Automation had to find yet larger premises.

"Central Lancs were again very helpful—they provided the bigger premises we needed, and we're very pleased with them."

LC's technology has to be in line with the latest developments in microcircuitry, but John reckons that's no problem.

"Although we're a young company, our management team has 35 years experience in the field.

"And in our production department, industrial relations are first-class—there's never even been the threat of a strike."

To follow the company's policy of solving customers' problems, representatives spend a lot of time on the move.

"This site is well located for reaching customers all over the UK.

"For example, I can come in first thing in the morning, do the post, and still be in Somerset by noon."

Micro-processor technology is continually expanding and diversifying. So John feels his company's market is buoyant, and will remain so for the foreseeable future.

"Our workforce is six times what it was in 1975, and we should double it within the next three years.

"We have considered other places, but we definitely feel that Central Lancashire is the best place to continue our development."

LC Automation are just one of the many companies who've found success in Central Lancashire's 3 prime industrial locations.

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It could be the move that gets your business moving.

Please send me the hard facts about Central Lancashire's 3 prime industrial sites.

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UK NEWS—LABOUR

NUR accepts 20% deal for Tube workers

BY PHILIP BASSETT, LABOUR STAFF

LEADERS of the National Union of Railwaymen yesterday accepted a pay offer put to London Transport's 23,000 tube workers. It will mean pay increases of 20 per cent.

Though the numbers involved are not large, the deal is a further example of powerful public sector groups settling at about 20 per cent in spite of the Government's determination to try to keep down the size of public sector pay settlements.

Last year the NUR threatened to bring London's Underground services to a halt by pulling out its 15,000 tube members. Only an arbitration award which raised the offer from 10.3 to 14 per cent staved off strike action.

The deal, which has also been accepted in principle by the other rail unions, could be significant for the London Transport Executive in that, like the main British Rail pay deal this year, it holds out the prospect of productivity improvements.

The productivity proposals of the LTE will be considered by the lower, regional levels of the unions' consultative machinery. Only if there are any difficulties with parts of the suggested improvements package will it be referred to the unions at national level.

LTE and the unions will consider what progress has been made at a meeting on July 14. If it has been satisfactory, the deal will be backdated to April 21, the due settlement date. At present, the deal is due to be backdated only to May 5.

One key question for London Transport is agreement on the introduction of one-man operation on certain lines. Local NUR delegates last year rejected a one-man agreement although it had been signed by the union.

This time the relevant NUR sectional council will draw up a programme for the appointment of one-man operation drivers, but possible difficulties are not being ruled out.

The deal will take a railman's rate from £52.23 to £62.68, that of a motorman from £77.72 to £93.26 and that of an automatic train operator from £89.42 to £107.30.

The NUR executive has also accepted a 20 per cent pay package for its membership in British Rail's 50,000 engineering and maintenance workers. But full acceptance of the deal is being delayed by a constitution exercise being carried out by member unions of the Confederation of Shipbuilding and Engineering Unions.

The NUR has proposed a joint railway trade union council to eliminate what Mr. Sid Weighell, NUR general secretary, described as the "constant inter-union friction" between the NUR and the train drivers' union ASLEF. A third union, the white-collar Transport Salaried Staffs Association, would also be included.

The proposal, which follows the three union's maintenance of a common front in the recent British Rail negotiations, would give 12 seats to the NUR and six each to the other two unions. The chairmanship would rotate, and decisions would be by a majority vote, with each union retaining the right of veto.

Platform men walk out

ABOUT 12,000 oil workers at McDermott's platform yard near Inverness walked out yesterday after the dismissal of a shop steward last week.

The yard is negotiating for a £60m contract to build a platform for the Brae Field.

A worker resigned last week after being challenged by security men over company property allegedly found in his locker.

Subsequently a shop steward faced a disciplinary hearing in connection with the incident and was dismissed on Friday.

The workforce decided at a mass meeting yesterday to stay out until a new disciplinary hearing was called.

A thousand fewer new apprentices this year

By Philip Bassett

THE Engineering Industry Training Board yesterday warned that 1,000 young school-leavers will not be offered engineering apprenticeships this year because of Government cuts in the Board's funding.

The board's sponsoring body, the Manpower Services Commission, has told the Board that because of the cuts — last December the Government announced a 17 per cent cut in the MSC's manpower costs—it could fund only 2,000 extra apprenticeships instead of the 3,000 the board thinks necessary.

The board estimates that about 23,000 apprenticeships overall will be needed. About 20,000 of these are financed by the industry itself.

Lord Scanlon, chairman of the board and formerly president of the Amalgamated Union of Engineering Workers, said yesterday that if Britain was to survive as an industrial nation we had to be training now for the middle-1980s.

He said that meeting the cost of the shortfall would amount to only about £3m. At the end of the schools' summer term in July he said there would be 10 male applicants for every one engineering apprenticeship, discounting the growing number of female applicants the Board was keen to attract.

The Board is keen to see the present system of funding replaced with a block grant.

Alan Pike writes: A wide-ranging review of industrial training boards by the MSC is now nearing completion.

The results of the inquiry into the modern training needs of industry and the role of the industrial training boards will go first to the commission and then to Mr. James Prior, Employment Secretary.

Trade slump shuts down clothing plant

A NORTH STAFFORDSHIRE clothing factory is closing down making 80 workers redundant, because of a slump in trade and the increase in foreign imports.

Mr. Brian Cleworth, chief executive of Briggs, Jones and Gibson, at Tean, said that management and union officials had tried to keep the factory open as a going concern.

Engineers threaten Post Office with 'damaging action'

BY NICK GARNETT, LABOUR STAFF

THE POST OFFICE was warned yesterday that it faces the prospect of damaging industrial action in telecommunications unless it alters its position on pay for engineers and technicians.

The Post Office Engineering Union has rejected a pay offer of about 15-17 per cent, which management says is the maximum it is prepared to make.

The union is also in dispute with the corporation over its pay and grade restructuring proposals which, it argues, devalues the position of engineers.

Mr. Bryan Stanley, general secretary of the union, said that if the Post Office board maintained its attitude "then we might have to teach them another lesson in another way."

At the start of the union's annual conference in Blackpool, which will discuss pay today, Mr. Stanley said the Post Office board was ignorant, and prejudiced about the appropriate pay for engineers and technicians.

The telecommunications structure was out of date, said Mr. Stanley, and technological developments were blurring traditional work boundaries.

The management's approach was misconceived. "While the rest of industry recognises the need to improve the pay and status of engineers relative to other groups, the Post Office is moving in the opposite direction," he said.

The Post Office has offered two sets of pay proposals to engineers. One gives a 15 per cent increase on all rates from July 1, the settlement date, together with a further 2 per cent as continuation of last year's productivity bonus.

The alternative provides for a 14 per cent increase on all rates from July 1, the 2 per cent productivity bonus, and a further 3 per cent on all rates from April 1 next year.

A similar annual pay offer has been rejected by the Society of Post Office Executives, representing supervisors.

The Post Office's position has been made more difficult by a decision of the Union of Post Office Workers to seek a 23 per cent deal for its 50,000 telecommunications members.

BBC may take action on concert

By Our Labour Staff

A CONCERT given by the Scottish Symphony Orchestra in Perth on Sunday may be the subject of legal action by the BBC.

The BBC said last night that the orchestra had given a concert as part of the Perth Festival, but that it understood that payment for the concert had been made by the Festival organisers to a member of the orchestra, for possible use in the Musicians' Union hardship fund.

The union is on strike against the BBC because of its plans to cut five of its 11 orchestras in a cost saving campaign.

The BBC said that the Perth Festival organisers had contracted for the concert with the BBC, and that the terms of the contract stipulated payment within seven days.

Communists attack steel plan 'scandal'

OVER-CENTRALISATION at a few large plants has led the British Steel Corporation to an inflexible production system unsuitable for some potential markets, says the Communist Party in an alternative strategy for the industry.

The pamphlet, "A Real Future for Steel," attacks the corporation for ignoring the possibilities of modernising smaller plants to serve specialised and local markets, preferring instead to close them.

"One result has been the scandal, seen in all steelmaking areas, of private companies opening up new, small-scale mills in the very areas where BSC is closing the older plant as too small and unprofitable. Thus, while BSC closes plant at huge cost in redundancy pay and social disruption, the list of private sector development increases."

The pamphlet calls for selected import controls to safeguard "a native industry of crucial importance."

Protection Act to be reviewed

THE DEPARTMENT of Trade is reviewing the effectiveness of the Policyholders Protection Act 1975, and inviting comments from insurance and interested organisations.

Welsh pit leaders boycott closure review machinery

BY ROBIN REEVES, WELSH CORRESPONDENT

WELSH MINERS' leaders have decided to boycott the National Coal Board's joint pit closure review machinery. The move follows a meeting with senior management officials in Cardiff yesterday over the planned closure of Tymawr Lewis-Merthyr Colliery in the Rhondda Valley.

The closure, announced 10 days ago, is the first of a number threatened in South Wales because of increased coal imports and cuts in the Welsh steel industry. Mr. George Rees, miners' union area secretary, said they were not prepared to allow the Board to use the review procedure to "kick us off pit by pit."

Today, union leaders travel to London to meet Mr. Joe Gormley, miners' union president, to seek national support for a campaign of opposition to pit closures including, if necessary, industrial action.

Tomorrow, the area executive has called a special delegate conference in Bridgend to seek the whole coalfield's backing for its stand.

Mr. Emlyn Williams, South Wales miners' president, said the time had now come for Mr. Gormley "to put his muscle where his mouth is."

Tymawr Lewis-Merthyr Colliery was being closed purely on economic grounds. It still had at least 20 years of workable reserves and its threatened closure therefore ran counter to the union's no-closure policy, except where reserves were exhausted.

Mr. Arthur Scargill, Yorkshire miners' leader, claimed at the weekend that the Coal Board had decided to shut more than 50 pits as a result of the Coal Industry Bill which will phase out operating grants by 1983-84.

Laggers talks at TUC deadlocked

BY JOHN LLOYD

EXPLORATORY TALKS at the TUC aimed at finding a solution to the inter-union dispute at the Isle of Grain power station construction site have so far failed to establish a common basis for negotiations.

Discussions took place yesterday between Mr. Len Murray, the TUC general secretary and John Baldwin, general secretary of the Amalgamated Union of Engineering Workers construction section, on the possibility of a single agreement for the site which would be acceptable to all the unions and would not prejudice talks on a national agreement.

Mr. Baldwin said after the meeting that the two sides still held "entrenched positions." He said that Mr. Murray had raised the issue of the trainee insulation engineers at the site, but Mr. Baldwin emphasised that he would not withdraw them.

"The Central Electricity Generating Board told me that it had no intention of paying more than £4.60 an hour to any of the craftsmen on the site. It reaffirmed its deadline of June 27 for insulation work to be satisfactorily under way.

The core of the dispute is the open-ended bonuses formerly paid to the insulation engineers, or laggers, who are members of the General and Municipal Workers Union. It has been complicated by the supply of trainee laggers by other craft unions, including the AUEW, to take the place of the 27 GMWU workers who were dismissed.

Mr. Frank Earl, the GMWU national officer with responsibility for the construction industry, said he would agree to a single-site agreement, so long as it allowed open-ended bonuses to continue.

Mr. Earl added that he would consider a £4.60 limit if the laggers worked on the same basis as the other skilled workers on the site.

Disputes delaying Scottish projects

BY RAY PERMAN, SCOTTISH CORRESPONDENT

SEPARATE disputes involving laggers are disrupting two large construction projects in Scotland—a gas processing plant at BP's refinery and chemicals complex at Grangemouth, and the Peterhead power station.

But the actions differ from that at the Isle of Grain power station in two important respects.

Firstly, the clients, BP and the North of Scotland Hydro-electric Board, say they have not tried to influence wage rates or working conditions in the way that the Central Electricity Generating Board has done at the Isle of Grain. They have left all negotiations to the sub-contractors.

Secondly, laggers in Scotland are represented by a different union from those in England and Wales. They are members of the TGWU, rather than the GMWU.

There has been no attempt by other unions to take over the stopped work.

Grangemouth has had a history of laggers' problems going back to the end of 1978 when BP terminated the contract of Kitsons', a Glasgow insulation contractor, which had failed to meet productivity targets.

The 52 laggers who lost their jobs occupied Kitsons' offices and picketed the site of the BP gas processing plant in support of their demand for increased termination bonuses. Most were eventually taken on by a new contractor, A. J. Miller of Dumbarton, but work did not restart until last October.

Inspite of some friction over pay since then, the latest dispute was sparked off two months ago by the sacking of two men. It provoked a walk-out which has spread to some other construction projects in the Grangemouth area and negotiations are deadlocked.

At Peterhead, a long running dispute between Cape Insulation and laggers over pay and conditions culminated in a strike by 100 men. They have been sent letters saying Cape deems them to have dismissed themselves by not returning to work.

The dispute has not yet halted progress on the £220m power station.

ENERGY BLUEPRINT No 8

PLANNED EFFICIENCY AND ECONOMY IN THE USE OF ELECTRICITY

Steady retail sector growth for heat pump installations...

Growing interest of large retail organisations in heat pumps has been extended to warehouses. One example is MFI Ltd's installation of two heat pumps at their Romford premises.

Basically it was uncertainty over oil supplies and prices that led the furniture retailing giant to consider alternatives. Last year in some areas stores actually ran out of fuel. Trace Cleveland, Building Services' Contractors who regularly work with MFI, were originally asked to look at the possibility of conversion to gas. But after a complete evaluation of the Romford store's requirements, the final recommendation was for electric heat pumps. They were considered the best overall solution to MFI's heating and cooling needs – needs shared by most similar organisations.

Frequent crowding and display lighting can cause distraction and discomfort to staff and to the all-important customer unless the environment is carefully controlled, summer and winter alike. The heat pump, with its integral heating and cooling functions, is ideal in these conditions. Full advantage can be taken of the incidental heat gains available from customers and lighting.

Romford Store (above)

Carlyle heat pump with an output of 20kW at −1°C, used to maintain a design temperature of 20°C in the 986m² store. Supplementary heating is brought on when the outside temperature is below 3°C. The heat pump has dual compressors enabling it to be off-loaded on mild days, giving a higher level of efficiency.

Romford Warehouse (right)

Heat pump with an output of 35kW at −1°C, incorporating supplementary heating controlled in three stages. The system is designed to give ventilation but not cooling, and to maintain a temperature of 16°C over the 1060m² warehouse area.

For more information tick box No.1.

Economic heating

Although lower temperatures are required for warehouses, the basic need is to heat large open areas economically. With its ability to produce more usable energy than it consumes, the heat pump is well suited to such applications. The packaged equipment can be easily installed and fuel storage or delivery problems are avoided.

Installation costs at Romford were no more than the cost of air conditioning alone. Compared with today's oil prices, never mind tomorrow's, the heat pump's running costs are lower than for oil installations. Capital costs for the Romford store and warehouse should be recovered in less than three years.

Once MFI's oil-fired premises have been converted to heat pumps, the firm is contemplating changing its gas-heated stores to electricity as well, to provide them with the benefits of air conditioning.

...and heat pumps on display

A working demonstration is included in a special display devoted to the use of heat pumps in shops, offices and other commercial premises open until August at the Build Electric Bureau in London.

Heat pumps actually produce more usable energy than they consume. Their benefits have been well established by the Electricity Council who have monitored the performance of many installations. Sizes range from 4 to 114kW, with units available to suit most types of buildings.

The Build Electric Bureau is at the Building Centre, 26 Store Street, London WC1E 7BT. It is open from Monday to Friday, 9.30am to 5.30pm and Saturday, 10.30am to 1pm.

For information on the Build Electric Bureau tick box No.2.

Inside and outside, the low-energy, high-performance building

Pictured here is one of London's more spectacular new office buildings – Bain Dawes House, home of insurance brokers Bain Dawes Ltd. But it is notable for more than just its elegant crescent-shaped exterior.

Inside is one of the country's most advanced applications of heat reclaim and conservation technology. The building structure has been designed to accommodate the main changes in the outside climate and the environmental systems maintain comfort conditions. With such a thermally efficient design, the air conditioning plant needed is of much smaller capacity than would be necessary for a similar conventional construction.

Sufficient heat is reclaimed from lighting, office machinery and from the occupants to maintain the internal temperature at comfort level. Supplementary heating is only needed when the temperature outside is near freezing. The building's deep plan and heavy construction, with windows using heat reflective glass, means that comfortable temperatures can be maintained economically in summer as well.

Air conditioning is by a high-velocity dual-duct variable air volume system, which controls both temperature and humidity on a local basis. To ensure that the system consistently works at maximum efficiency, a unique energy sub-metering facility is incorporated. This allows the user to monitor and adjust the main components, giving optimum performance from minimum input and to provide an accurate annual energy audit.

From the outset of the project Bain Dawes was closely involved with shaping the environment of the new offices, as befits a company closely linked with insurance of the construction industry.

The project is undoubtedly a leading example of energy management in action. It shows how, with careful attention to design, high standards of comfort can be provided with minimum expenditure on energy.

For more information on Energy Management tick box No.3.

Polyphosphor lamps, the new energy savers

Large energy savings are now possible as a result of fast developing lamp technology.

Much research by manufacturers has brought steady improvement across the board, not least in the transformation undergone by the ubiquitous fluorescent lamp.

Recent developments in phosphor technology have given increased light output coupled with good colour rendering. These lamps are particularly useful in situations where upgraded lighting is needed. Alternatively, they allow savings to be made in that the number of lamps needed can be reduced.

'Polyphosphor' lamps are now available in three standard sizes, consuming less electricity with no loss of light. The three sizes are 600mm/18W, 1.2m/36W and 1.5m/58W. All are suitable for replacement installations using existing 20W, 40W and 65W switch-start control gear and give an overall energy saving of about 8 per cent. At present a limited range of colours is available, but development activity in this field is intense and the range of colours and ratings is certain to increase.

Please send me copies of leaflets/information on the following topics. Please tick as appropriate (U.K. only)

☐ 1. Heat Pumps

☐ 2. Build Electric Bureau

☐ 3. Energy Management

Please send the coupon to: Simon Stevens, The Electricity Council, 30 Millbank, London SW1P 4RD.

NAME .... MS

ADDRESS ....

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POSITION ....

Using our energy can save yours.

PLANELECTRIC

The Electricity Council, England and Wales.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● SERVICES

Finishes will be put on trial

MANUFACTURERS WHO may have finishing problems are now offered the facility of a thermoset powder coatings and wet application unit which can run full trials on customers' existing or proposed products.

System is called ADU, is said to be the first of its kind, and can reproduce most application and curing variables likely to be encountered on a production line, says TI Drynamels, Shaftmoor Lane, Hall Green, Birmingham (021 777 4481).

The ADU unit houses pretreatment, powder and liquid peint epplications equipment, a full-size tunnel curing oven, and associated services.

Coating and curing uoits are linked by a continuous overhead conveyor, and the plant will bandle articles np to five feet six ioches high, two feet six inches wide and eight feet long.

The thermoset powder coating unit installed is a specially adapted *Volstatic* conveyorised powder spray booth fitted with a twin cyclone extraction/recovery unit plus after-filters.

Automatic guns are mounted on vertical reciprocators, and the booth has facility for menual spray/touch-in, nsing hand-held guns. Feed hoppers ere fluidised bed.

The direct gas-fired air circulating oven bas a 4.7 metre bnt zone and a maximum temperature of 300 degrees C and is fully conveyorised with fecility to vary entry and exit port configurations to suit size and sbape of items wbich are being cured.

The company says that pretreatment equipment includes e Vacu-Blast pressure grit blastiog machioe and a gas-fired stainless steel vapour degreasing tank.

An Atlas Copco rotary screw type compressor delivers air supply up to 4.3 cubic metres a minute with maximum pressure of 7 bar.

● PROCESSES

Better kiln for ceramic industry

THE NATIONAL Reseerch Development Corporation (NRDC) is providing 50/50 joint venture finance in support of the development, by the Drayton Kiln Company, of a new fast-fire roller kiln for the ceramic industry.

The kiln will be equipped with a number of advanced features that will improve througbput and lead to reduced fuel consumption. Fast firing of pottery and tiles through a kiln baving a low thermal inertla and a flexible heating profile is ettractive to the ceramlc industry as it allows rapid changes to be made in the ware passing througb the kiln.

Development is not yet complete but more information can be obtained from Dr. R. Passmore, The Drayton Kiln Company, Newstead Trading Estate, Trentham, Stoke-on-Trent ST4 8HX (0782 657361).

● AUTOMATION

No need for the human touch

ALTHOUGH IT will undertake laborious, high and medium volume production welding jobs which require great accuracy and flexibility, an industrial robot's capabilities are being explored for applications like de-burring of plastic and cast components, water jet cleaning, component trimming and component handling.

The GKN Line-Man was conceived by GKN Lincoln Electric, Bleck Fan Road, Welwyn Garden City, Hertfordshire, to effect welding, work handling and manipulative tasks.

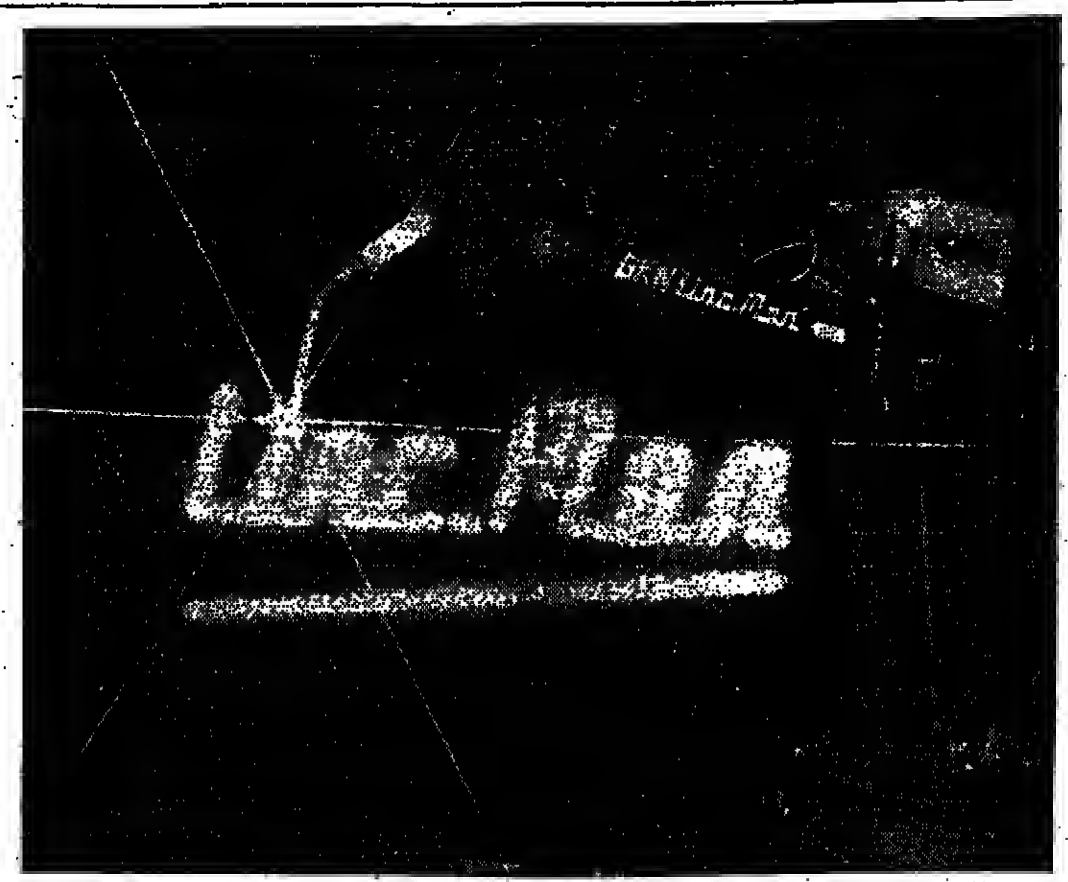
It includes electronically controlled power sources and programmable component positioning equipment, with the whole system centrally controlled by the robot.

Once it has been taught, the robot is said to be capable of retaining a large number of jobs in its memory and, because the memory is non-volatile, it automatically recalls the parameters of each job when selected. Additional memory capacity can be provided via cassette tapes and recorder.

It promises to be particularly useful when required for a range of different weld sizes on tha same assembly; welding data is contained in the robot memory, and the welding interface package allows separate choice of welding speed, voltage and current for each weld.

Sub-assemblies can be pre-assembled, each with a different fixture, at several workstations around the robot, which means the operator can isolate individual workstations outside the robot's reach to re-tool for different components while the automaton continues to work on the remaining fixtures. Result, says the maker, is high efficiency due to uninterrupted welding, and greater reliability and flexibility. Also supplied to suit customers' requirements are welding torches, component grippers, etc.

The robot is taught via a direct or portable control box using a PTP (point to point) system which records the various points on the required path and automatically ignores any superfluous movements that may have occurred during the programming.



This unretouched photograph, taken over a 70 second exposure period, demonstrates the versatility of the GKN Line-Man robot which has spelled out its own name in light. This was achieved by fixing a light source to the tip of a welding torch and programming the robot to trace its name in a darkened room. When complete the GKN Line-Man triggered an electronic flash to expose itself to the camera.

● HAND TOOLS

A torch for all reasons

AUTOTORCH System 2, for use with propane and butane, combines automatic piezo-electric ignition with a set of five easily interchangeable burners.

Reliable automatic ignition gives improved fuel saving and safety, by allowing the user to turn off the torch when not in use with the certainty of relighting when required. The problems of match lighting in windy conditions are removed.

Autotorch can be used off standard propane and butane cylinders, or gas containers, and is available through a nationwide network of wholesale distributors and stockists.

It is an ideal tool for general engineering and maintenance work, for soldering and silver soldering in plumbing and beating work; lead wiping, pipe bending, sheet metal work, paint stripping, with the soldering iron attachment for electrical work, and a multitude of jobs, such as thawing out pipes, freeing jammed nuts and bolts, etc.

Bullfinch (Gas Equipment), Diadem Works, Kings Road, Tyseley, Birmingham B11 2AJ. 021 706 6301.

● NORTH SEA OIL

Collects oil from the surface

DESIGNED particularly to cope with characteristics of waxier North Sea crudes is a surface oil spill collection system from Marinco, Greenbank Crescent, Aberdeen (0224 872471).

A large, funnel-necked fine mesh net is towed behind a relatively small vessel, but is detachable from towing lines so that it can be hoisted direct, along with collected oil, into the skips aboard a support vessel.

A new collection bag can then be fitted immediately to the tow lines, says the company, so that the clean up operation can continue.

Puts heat on exact spot

DESIGNED FOR applications in industrial environments wbere instant, controllable but flameless heat is required, is a high temperature industrial heat gun, the HG752, from Eraser International, Uult M, Portway Industrial Estate, Andover, Hants (0264 51347).

Made from die cast aluminium, the gun has a three position switch on its handle for selection of bot or cold blowing air, and the temperature of the air provided by the gun may be adjusted by movement of a sliding baffle.

Either used as a band tool, or bench mounted, it can be nsed for processing solder preforms, welding plastics, surface drying, glue curing, paint stripping etc., and nozzle adaptors are available for shrinking tube and providing pinpoint heet.

It operates from 230 volt 50 Hz single pbase supply at 9 amps and produces an air flow of 9 cubic feet a minute at a velocity of 1300 feet e minute. It is light in weight—only 3.75 lh.

● COMPONENTS

Making a quick connection

QUICKER AND more reliable coupling and uncoupling of pipes and hoses carrying powders and liquids can be achieved it is claimed by usiog a new range of cam and groove couplers from LCA Pipelines of Leeds. The fittings are manufactured by the PT Coupling Company in the U.S. and distributed in this country by LCA (0532 634200).

The fitting is in two parts, an edaptor and a coupler. To make the connection, the adeptor ia placed in the coupler end using normal hand pressure, levers on the coupler close the joint, the seal being made with an integral gasket. To break tbe connection, tha levers are simply released. Minimal wear occurs with the fittings and the seal remains leekproof beceuse the gasket is stationary snd not subject to frictional movement.

The adaptors and couplers are availsble with bose shanks or BSP threads, male or female. Also availeble are dust caps and plugs, couplers with elbows and a number of special adeptors. Available in sizes up to 10 inches, the fittings are manufactured in aluminium, brass, malleable iron, ductile iron, cast iron, stainless steel, monel, semi-steel bronze, polypropylene and nylon and other materials if required.

● CONSTRUCTION

Insulation material

DESIGNED specifically for nse with liner tray cladding systems to provide easy and quick-to-instal thermal and sound insnlation, Alpha-Rockwool 500H has thermal transmittance as low as 0.40 W/m per square metre and deg.C.

Higher density Alpha 505H material provides a sound insulation of 32.9 dB (BS 2750) in sucb a liner tray system.

This mineral wool insulation material is supplied in rolls accurately cut to aize to fit the traya, so eliminating cutting on site and ensuring that the trays can be stuffed without difficulty. As the rolls are precision-cut to metch individual trays, there will be no gaps in the insulation. The material resists tearing during installation, will not sag thereafter and does not bed down under vibration.

Further details from 27 Crendon Street, High Wycombe, Bucks. High Wycombe 451211.

● INSTRUMENTS

Multi-role microscope

ANGLES, LENGTHS, profiles, thread forms and shapes of precision parts, tools, jigs, gauges, etc., are all measured accurately and speedily by the Olympus Model STM toolmakers microscope says B. Draper and Son, Hursley Road, Chandlers Ford, Eastleigh, Hants (04215 66355).

Its modular construction allows up to 36 different models to be created to meet differing measuring specifications and requirements, says the company; and maximum magnification is 350X with a range of lenses from 30X.

Standing 590 mm tall by 520 mm deep and 320 mm wide, the microscope stage is movable in two directions through non-rotating anvil micrometer contact. Each stage comes complete with a 25 mm gauge block, and a zeroing facility is incorporated.

Optional modular accessories include a double image eyepiece, optical feeler equipment, tilting centre support, and a goniometer eyepiece.

Primarily intended for inspection or laboratory use in engineering applications, addition of an optical goniometer eyepiece makes it possible to measure angles of crystal for jewellery manufacture, etc.

Measures distances quickly

THE WELL-KNOWN and widely respected Kern DM-501 electronic distance meter bas been updated in a number of important respects.

The instrument, which uses infra-red emission and measures the phase difference between emitted and reflected signals now has a liquid crystal display, an extended battery power pack life of 10 hours and an increase of range to 1200 metres and 2000 metres using a triple using a single prism reflector prism.

Now known as the DM-502, the instrument has improved electronics which allow a complete measurement to take place in eight seconds instead of 14—a considerable advantage for a surveyor taking many hundreds of readings a day.

External design remains the same and the instrument will form part of Kern's modular "total station" to become available later this year. Other parts of the system include the company's E1 electronic theodolite and the R32 and R48 solid state data recorders. In these recorders up to 600 blocks of point data can be stored and then loaded directly into a computer with no need for manual data preparation. Suppliers are Survey and General Instrument, Fircroft Way, Edenbridge, Kent (0732 864111).

PERKIN-ELMER
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MANAGEMENT INFORMATION SYSTEMS FOR THE '80s
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● SAFETY

Emergency wash facility

A STAINLESS steel wash unit that directs a stream of water to wash both eyes and face in the event of splashing by dangerous chemicals has been introduced by Rose Emergency Equipment, division of Water coolers, 56, Tanners Drive, Blakelands, Milton Keynes (0908 613822).

Twin chrome-plated brass spray heads direct a continuous but controlled flow of water which is immediately available by pushing a large hand plate—the valve remains open until manually closed—thus enabling both hands to be free to hold open the eyes.

The unit is called the Model 1001 and can also incorporate an easily removeable water filter.

● MATERIALS

Accelerates hardening of concrete

DEVELOPED TO accelerate the setting and hardening of concrete is chloride-free Formodar, just launched by BP Chemicals, Belgrave House, 76 Buckingham Palace Road, London SW1 (01-581 1388).

Suitable for reinforced and prestressed concrete, and for various types of cement including Portland, sulphate resisting, rapid hardening, slag and expansive, it is supplied as a 68 per cent aqueous solution.

It is said to be about five times as concentrated as other formulations and can be metered into the cement to mix easily and allow better distribution in the mix. Company says it should be particularly beneficial for large scale operations.

Concrete blocks

A NEW trade association for aggregate concrete block manufacturers has been formed. It replaces the Concrete Block Association which has been dissolved and details of the new organisation can be obtained from The British Precast Concrete Federation, 60 Charles Street, Leicester LE1 1FB (0533 538402).

Credito Italiano '79

The Shareholders' Meeting was held in Genoa on 24th April under the Chairmanship of Mr. Alberto Boyer.
Accounts for the year ended 31st December 1979 were approved.
1979 closed with **net profits of 14.1 billion lire** to be appropriated as follows:
9.6 billion lire distributed to the Shareholders and 4.5 billion lire transferred to Reserves.
Dividend remained unchanged at 12%.
Depreciation amounted to 17 billion lire and Provisions to 124 billion lire.

BALANCE SHEET HIGHLIGHTS	1979	1978	Variations	%
Deposits	19.565	15.797	+ 3.768	+ 23.9
Securities on deposit with the Bank	7.268	5.549	+ 1.719	+ 31.0
Loans and Advances in lire and other currencies	13.535	10.767	+ 2.768	+ 25.7
Capital and Reserves (on approval of Accounts)	565	493	+ 72	+ 14.6
of which: Reserve Fund for possible loan losses	295	235	+ 60	+ 25.5

(in billions of lire)

The Bank's network was further expanded in 1979: a new Representative Office was opened in Houston, Texas, while domestic branches reached a total of 415 units including 78 in-house facilities serving companies and organisations.

The Shareholders' Meeting also confirmed Mr. Pietro Rastelli Director and nominated Auditors: Mr. Alberto Bosisio, *Chairman of Audit Committee,* Mr. Vittorio Albasini Scrosati, Mr. Enzo Donnini, Mr. Paolo Micheletta, Mr. Giacomo Nava; and Alternate Auditors: Mr. Fausto Persegani and Mr. Cesare Rainero.

The Board of Oirectors, which met after tha Shareholders' Maeting, confirmed Mr. Alberto Boyer Chairman, and Mr. Michele De Michelis and Mr. Leo Solan Oeputy Chairmen.

The dividend may be collected at all branches of: Credito Italiano, Banca Commarciala Italiana, Banco di Roma, Banca Nazionala dal Lavoro, Banco di Napoli and Banco di Sicilia, trom 19th Mey 1980, against presentation of share certificate coupon No. 16.

This announcement appears as a matter of record only.

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FEBRUARY 1980

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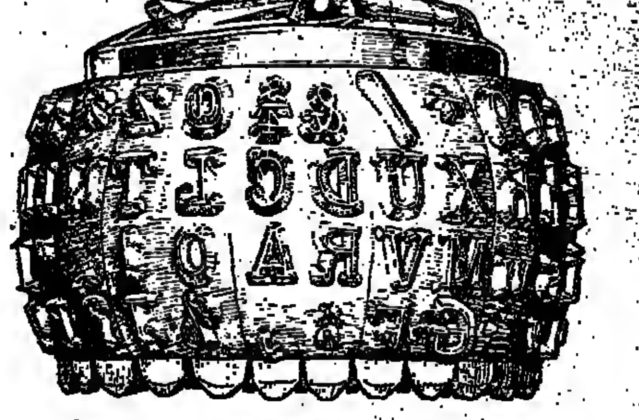

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The GNT Telexmaster combines all the advantages of a typewriter, with the speed of a telex. After the addition of a sensor device, your golf ball typewriter is connected to the Telexmaster, and telex tape is produced whenever you want, as your secretary types.

So the message is only keyboarded once, without using valuable time on the telex itself to produce the tape.

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Tel: (0990) 26156.
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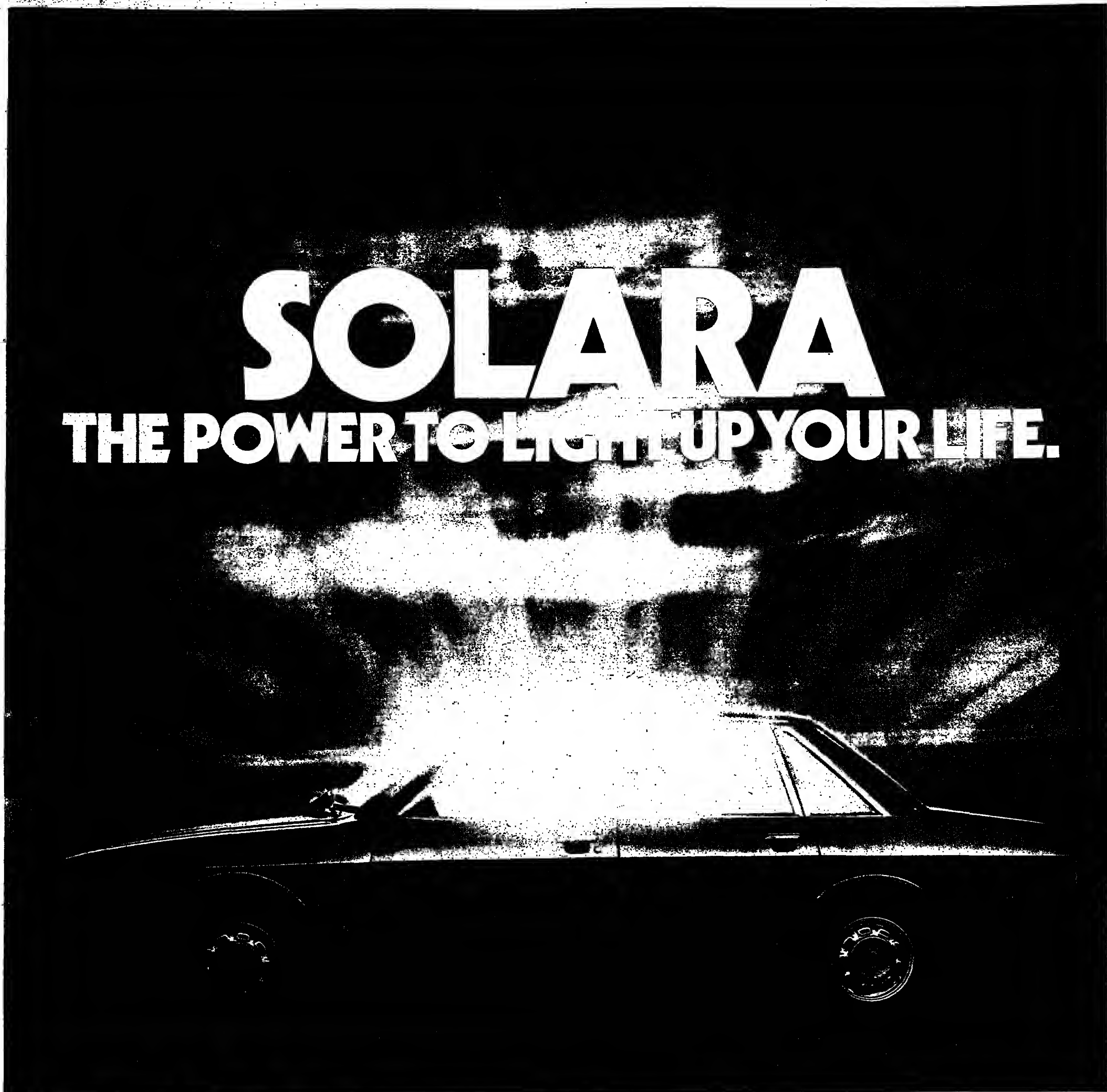

THE DAZZLING NEW TALBOT SOLARA.

Solara – the new car from Talbot that radiates style.

A dazzling new look

Solara blazes with elegance and its aerodynamic shape minimises wind resistance and noise.

Let the sun shine in

Six big side windows give you all-round visibility and shed light on the spacious interior that puts a premium on comfort.

Bright ideas in technology

Every model has electronic ignition as well as other exclusive features – built-in technology that combines performance and efficiency. And the Solara SX comes equipped with power steering, cruise control, trip computer, electric windows, central door locking and a great deal more besides.

A shining example of reliability

The power you get with Solara is matched by the power that backs it up. There is the comprehensive Talbot Warranty and Extra-Care policy and 10,000-mile servicing.

A brilliant new range for the 80's

Solara offers genuine choice of seven models, 1300 or 1600 engine, 4- or 5-speed manual gearbox or automatic.

A test-drive will give you the Solara experience. Discover the glow that comes from driving this extraordinary car and light up your life today!

TALBOT

ON THE MOVE

Ask about the special Talbot Insurance Plan which may save you up to 20% for Duty Free Export Sales Phone Talbot Personal Exports Ltd. Devonshire House, Piccadilly, London W1. 01-499 7236. Solara Consumption Figures at simulated urban driving, constant 56 mph and constant 75 mph. 1.3LS 1294cc. 30.4 mpg (9.3L/100km) 44.1 mpg (6.4L/100km) 32.5 mpg (8.7L/100km). 1.6LS 1592cc, 29.7 mpg (9.5L/100km) 43.5 mpg (6.5L/100km) 31.7 mpg (8.9L/100km). 1.6GLS 1592cc 29.1 mpg (9.7L/100km) 41.5 mpg (6.8L/100km) 31.0 mpg (9.1L/100km). 1.6GLS 1592cc 5-speed 29.1 mpg (9.7L/100km) 46.3 mpg (6.1L/100km) 34.4 mpg (8.2L/100km). 1.6SX 1592cc Auto, 27.7 mpg (10.2L/100km) 37.2 mpg (7.6L/100km) 27.7 mpg (10.2L/100km).

JOBS COLUMN; APPOINTMENTS

Much thanks, despite alarm and non-persons

BY MICHAEL DIXON

THIS COLUMN feels a bit overwhelmed at the moment. First: with gratitude to all the readers who have written (and telephoned, and even visited) mostly about working conditions in Middle East countries, but also variously about other topics. Second: with the quantity of information which those readers have supplied.

Where the Middle East is concerned, it is going to take me a little while longer to assimilate all the data. Once that is done, the best plan seems to be to deal with different regions on different days. Before long, too, we are going to have to come back to another matter. It is whether or not recruitment consultancies using the personal-approach methods of executive search, need to institute their own code of professional practice. Which leads me to another topic . . . and to request the indulgence of the great majority of readers for a moment while I address two untraceable correspondents individually.

The first is one of the people who thumped the tub about executive search. He called himself Harry Haimes. Now, like all other journalists, I am resigned to the average newspaper-reader's perverse habit of sending complimentary letters direct to me, and the scathing ones to my Editor. But you added another little touch, didn't you Harry, which could scarcely be called fair.

You would have been forestalled by the system in any case. But as it happened, being in the office over the following weekend, I had time to write a reasoned reply to your attack, and send it to the Midlands address you gave. And the householder was somewhat at a loss to understand what I was on about, because he hadn't written the letter to which I had replied, had he Harry? So be asked to see what be was supposed to have said, and I sent him a copy. And he, Harry, is now also interested to find out who you really are.

The second untraceable person has no name of any sort, but is clearly generous even if perhaps not quite worldly enough for these security-conscious days. I can only assume that he or she is not aware that since morning-paper reporters do not generally finish work until about 7 pm, they rarely start until 10.30 to 11 in the morning and so are not there to answer their telephone beforehand.

The anonymous gift was therefore scarcely necessary and, as is now the general tendency with small, chunky objects inside unexpected packages, was received with something less than equanimity. Fortunately, our sophisticated apparatus made no objection to it, and so the gift still works and is in use. But it would certainly hava gone swiftly to a watery grave, my friend, had you not forgotten to wind up the alarm clock before putting it in the parcel. Now to some jobs.

Trust control

BESIDE the railway in North London's Kentish Town stands the shiny new headquarters of the Inter-Action Trust, which was founded by Ed Berman a dozen years ago with the aim of bringing together creative people from the arts, business and community work to tackle numerous and various social problems.

It now has some nine associated charitable organisations, and together they support about 20 "working teams," which are responsible for a wide range of projects. The best known of these are in theatre and other entertainments, but the work also includes self-help enterprises for the elderly, the youthful unemployed and children in poor areas, and a whole lot of other worthy things which I have not room to mention.

What the trust is particularly short of at the moment is a financial controller, and Indira Brown of the Hoggett Bowers Selection consultancy has come to the Jobs Column in the hope of finding one on Inter-Action's behalf.

Reporting to executive director David Powell, the controller will initially have about half a dozen book-keeping and clerical staff in support. But one of the tasks of the job will be to review the organisation of the department with the aim of improving its effectiveness. And the financial systems, especially those using computers, are also scheduled for a re-fit.

Beyond that, the newcomer will be responsible for the effective planning of expenditure, preparation of estimates for the associated concerns and the projects, for fund-raising and so on, and the production of reports and accounts for sponsoring organisations including Whitehall Departments and the Arts Council. For the rest of the time, the financial controller will be advising Inter-Action's Board on all matters to do with its money. So the job could hardly be called a doddle.

Candidates must be qualified accountants of some recognised kind, and preferably be aged from 30 to 40.

They should also have been fully in charge of finance in some operation of compact size, where events are apt to happen quickly. Acquaintance with computers is necessary, and experience of their use on a time-sharing basis would come in handy. So would previous experience of dealing with people who are not only creative (as are most of us), but also show it (as, mercifully, most of us do not).

Readers filling the bill, and willing to work for a salary of up to £15,000, should contact Indira Brown at Sutherland House, 5-6 Argyll Street, London W1E 6JZ; telephone 01-734 6852.

In the case of the rest of the jobs to be mentioned today, the name of the employer may not be disclosed. So the consultants concerned guarantee to abide by the request of any applicant not to be identified to their client until permission is given.

Contracts

BRIAN WOODHEAD who hunts heads from the office of his eponymous company in Birmingham, is seeking a contracts controller on behalf of the United Kingdom subsidiary of an international group in the business of supplying light to medium capital equipment to process industries.

Based in London, the newcomer will be responsible for seeing that the group and its subcontractors comply in all respects with the contractual commitments of all orders. So candidates should have not only a qualification in some appropriate type of engineering, but also experience of controlling contracts in a manufacturing or construction industry. There will be travel within the UK, and occasionally overseas. Preferred age: 35-45.

The salary indicator is around £11,000 and perks include a car. Inquiries to Mr. Woodhead at Nettleton House, 4-5 Calthorpe Road, Birmingham B15 1RH; telephone 021-455 9292.

Hybrids

FOUR examples of a rare kind of hybrid are being sought by Ian Telfer of Alexander, Hughes and Associates, to work—two in London and two in the United States, for a high-technology group of multinational scope.

As project managers, they will head teams of assorted boffins designing, engineering and commissioning computer-control systems for the process plants of the group's customers. They will therefore need to combine two kinds of expertness.

One is enough first-hand knowledge of process-plant operations to understand thoroughly what is going on in the pipes. The other is an up-to-date grasp of computer-type technologies sufficient to appreciate their possibilities for controlling such plants. The preferred age is 30-plus, and the salary indicator for the London posts is £15,000 upwards.

Readers who are qualified and interested should contact Mr. Telfer at De Walden Court, 85 New Cavendish Street, London W1M 7RA; telephone 01-636 9184.

RH

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An International bank with strong representation in Europe seeks three bright newly qualified accountants for London, Paris and Frankfurt. The vacancies are within the audit departments of the three localities and are seen as a positive career move for later development and progression with the bank's European organisation. A pre-requisite for the Continental vacancies are good, but not necessarily fluent, French or German. Foreign travel can be expected in all cases.

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You will probably be a qualified accountant in your late 20's with previous industrial experience, and an aptitude for computerised systems. In this new position as Accountant for an associate company of a European manufacturing group, you would have the task of setting up entirely new management accounting and costing systems and with it overall responsibility for a department of 4.

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La langue de travail est le français, les dossiers de candidature seront rédigés en français.

Adresser lettre de candidature manuscrite, CV détaillé et photo à Monsieur MARQUILIE - Director Général - E H F - 31, Square Saint Charles - 75012 PARIS.

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First floor—entrance New Street

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A Professional Consultants Organisation with operations in the UK, Europe and the Middle East require a Group Secretary to be based in either Edinburgh or Glasgow.

Applicants should be qualified accountants with three to five years' experience in industry or in the corporate business section of the profession.

Particular value will be attached to a younger person with the ability to adapt and grow with the organisation.

Apply in the first instance for an application form to: Box A.7156, Financial Times, 10, Cannon Street, EC4P 4BY.

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COMPANY NOTICES

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

(Incorporated in the Republic of South Africa)

DIVIDEND NO. 102 ON PREFERRED STOCK

Dividend No. 102 of three per cent for the six months ending June 30, 1980, has been declared payable on August 1, 1980, to holders of the six per cent cumulative preferred stock who are registered in the books of the Corporation at the close of business on June 30, 1980, and to persons presenting coupon No. 103 detached from stock warrants to bearer. A notice regarding payment of this dividend upon presentation of coupon No. 103 detached from stock warrants to bearer will be published in the Press by the London Secretary of the Corporation on or about June 6, 1980.

The stock transfer registers and register of stockholders will be closed from July 1, 1980, to July 14, 1980, both days inclusive, and warrants will be posted from the Johannesburg and United Kingdom offices of the transfer secretaries on or about July 31, 1980. Registered stockholders paid from the United Kingdom will receive the United Kingdom currency equivalent on July 22, 1980, of the rand value of their dividends (less appropriate taxes). Any such stockholders may, however, elect to be paid in South African currency, provided that the request is received at the offices of the Corporation's transfer secretaries on or before June 30, 1980.

The effective rate of non-resident shareholders' tax is 13.684 per cent.

The dividend is payable subject to conditions which can be inspected at the head and London offices of the Corporation and at the offices of the Corporation's transfer secretaries, Consolidated Share Registrars Limited, 62 Marshall Street, Johannesburg 2001, and Charter Consolidated Limited, Charter House, Park Street, Ashford, Kent TN24 8EQ, England.

By order of the Board
J. T. GOLDFINCH,
Managing Secretary.

Head Office:
44 Main Street,
Johannesburg 2001.

London Office:
40, Holborn Viaduct,
EC1P 1AJ.

June 3, 1980.

N.V. Beleggingsmaatschappij Wereldhave

Established in The Hague The Netherlands

NOTICE IS HEREBY GIVEN to Shareholders that with effect from 9th June, 1980, all existing share certificates will be exchanged for new ones.

[illegible]

The Hague, 3rd June, 1980.

THE THARSIS SULPHUR AND COPPER COMPANY, LIMITED

NOTICE IS HEREBY GIVEN that an EXTRAORDINARY GENERAL MEETING of the above-named Company will be held at Hotel Lancaster, 7 rue Berri, 75 Paris 8e on Monday the 30th day of June, 1980, at 12.30 o'clock in the afternoon ...

[illegible]

By Order of the Board,
R. N. PETERS, Secretary.

Registered Office:
136, West George Street,
Glasgow G2 2HF.
Dated the 30th May, 1980.

[illegible]

THE COMMERCIAL BANK OF THE NEAR EAST LIMITED

[illegible]

LEGAL NOTICES

IN THE MATTER OF EUROSEAS SECURITIES LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 30th day of June 1980, to send in their full names, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned A. R. Houghton, F.C.A. of Touche Ross & Co., P.O. Box No. 137, Hill House, 1 Little New Street, London EC4A 3TR the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 16th day of May 1980.

A. R. HOUGHTON, Liquidator.

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IN RECENT YEARS, misuse of poisons is known to have caused the death of nine ... [illegible]

CONTRACTS AND TENDERS

INVITATION TO BID

1. The Maritime Bank (Denizcilik Bankasi T.A.O.), the Turkish State Railways (Turkiye Cumhuriyed Devlet Demir Yollari) and the General Directorate of Harbour Construction (Limanlar Insaat Genel Mudurlugu) invite bids for the supply of the following equipment:

FOR DB
(a) Main and auxiliary engines, engine room auxiliaries and miscellaneous equipment for one 2,500 bhp tug.
(b) Main and auxiliary engines, engine room auxiliaries and miscellaneous equipment for five 1,500 bhp tugs.

FOR TCDD
(a) 76 mobile cranes, diesel hydraulic type.
(b) 11 tractors, tow type.
(c) 18 trainers, tow type, flat bed.
(d) 9 crawler cranes, diesel hydraulic.
(e) 2,800 m. crane rails, type MRS 87.
(f) Crane rail fastening devices.

FOR LI
Auxiliary engines and equipment for four 525 bhp tugs.

2. DB, TCDD and LI intends to apply the proceeds of a loan in various currencies equivalent to US$75 million granted by the World Bank for the rehabilitation of 10 major ports in Turkey.
3. This bid invitation is only open to suppliers from member countries of the World Bank and Switzerland.
4. Tender documents pertaining to the above inquiry may be purchased against the remittance of US$50 for each package (9 packages in total) from the following addresses as from June 15, 1980, until June 30, 1980:

FOR DB
Denizcilik Bankasi T.A.O.
Tersaneler Mudurlugu
Karakoy—Istanbul
Turkey.

FOR TCDD
Devlet Demir Yollari
Malzeme Dairesi Baskanligi
Gar/Ankara
Turkey.

FOR LI
Bayindirlik Bakanligi
Liman Insaatlari Genel Mudurlugu
Kara Yollari Sitesi B Blok
Ankara, Turkey.

5. Only bidders which have purchased the tender documents shall be allowed to participate.

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THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

One man's 'destiny'—a Spanish cocktail of wine and banking

BY ROBERT GRAHAM

WHEN THE Spanish Ministry of Finance published last year for the first time a list of tax contributors with their assessments there was a nervous shudder among the wealthy. The only person who seemed to relish his appearance on the list was Sr. Jose Maria Ruiz-Mateos, founder of and chief shareholder in Spain's largest private holding company, Rumasa.

Ruiz-Mateos headed the contributors and remains there by a long shot in a new list recently published by the tax authorities. His assets were tax assessed at Pts9bn ($127m), on which he pays Pts 161m ($2.3m) in taxes a year. He is the wealthiest man in Spain and has good reason to feel satisfied with this position. In under 20 years Ruiz-Mateos has built up almost from scratch an empire without parallel in Spain that embraces banking, insurance, hotels, property, construction, foodstuffs and the largest export trade in Spanish drinks.

Rumasa controls assets worth, in its own valuation, Pts 124bn ($1.7bn). Despite its size and importance the company remains little known while Ruiz-Mateos himself continues to be something of an unknown quantity. He is so mercurial that the business community is always trying to catch up with his latest deal yet is always one behind. His activities generate a mixture of respect and wariness. He makes all major decisions and a lot of minor ones concerning group activities and prefers to carry figures in his head. Rumasa is intensely secretive, yet Ruiz-Mateos has earned respect for his willingness to take risks where others have preferred caution.

Ruiz-Mateos, just approaching 50, is a curious mixture of contradictions. He revels in being an entrepreneur, in buying and selling. He appears to have a wholly un-Spanish trader's instinct. Yet in many other ways he is profoundly Spanish. For instance he is enormously patriotic, deeply Catholic and has 12 children. Within Rumasa he is instilling an almost Japanese sense of paternalistic corporate identity. Rumasa's emblem is the busy bee (like Napoleon's). Ruiz-Mateos is a habit, as do his executives, of wearing Rumasa tie-pins and cuff-links.

Jose Maria Ruiz-Mateos: an acute understanding of the kind of conflicts that develop in small family-run businesses

He ascribes his success to hard work, opportunism and luck. He also refers a lot to what he calls his "destiny." But the answer is certainly more complex. Rumasa (Ruiz-Mateos SA) was founded in 1961 when the Spanish economy was beginning to boom, enjoying growth rates of over 6 per cent a year. His activities were all in sectors of high growth and usually untapped potential.

Money was cheap and easily available—though here critics of Ruiz-Mateos maintain Rumasa benefited from the patronage of Spain's largest commercial bank, Banesto, through Opus Dei connections. Also, as one banker commented: "The field was—as it still is in Spain—wide open for a good entrepreneur. There were few controls and little competition."

Ruiz-Mateos managed to combine with all this a special talent for spotting the potential of small family-run businesses. With the modernisation of the Spanish economy many such businesses found themselves in difficulties because they were unwilling or unable to adapt.

Coming himself from a small family-run sherry business in Jerez, Ruiz-Mateos had an acute understanding of the kind of conflicts that develop within such enterprises, enabling him to move in and make an offer. A good part of the 230-odd subsidiaries and affiliates in the group were acquired in this way.

Not all such moves have been uncontested. Two years ago, for instance, Rumasa's takeover of the old-established drinks group, Garvey, was unsuccessfully challenged by some family shareholders.

One also suspects that Ruiz-Mateos's will to succeed has been inherited from the special background of Jerez de la Frontera, near Cadiz. This region owed its prosperity to the sherry trade which was dominated for years by aristocratic landowning families epitomised by the Domecqs. The family Bodega of Zoilo Ruiz-Mateos lived very much in their shadow.

Perhaps it is no accident that the drinks trade is the sector which Ruiz-Mateos has penetrated most. The Rumasa group has acquired a dominating position in Spain. It controls 34 per cent of the production and sale of sherry (domestic and foreign), 30 per cent of Rioja region wine, 30 per cent of sparkling wines and Catalan table wines, 80 per cent of Cordoba's Montilla, and 87 per cent of La Mancha region wines.

Collateral to expand

The drinks side of Rumasa is reckoned to be worth Pta17bn ($142m), of which almost $40m is accounted for by UK wine merchants, Williams and Humbert. His other UK interests include the retail chain, Augustus Barnett.

The drinks trade was where he began and arguably it remains the core of his business. His first break came in 1958 when he managed to secure a 99-year exclusive supply contract for sherry to Harveys of Bristol. This was a deft performance because it meant luring Harveys away from its 13 traditional suppliers.

The contract provided just the kind of solid collateral Ruiz-Mateoa needed to expand and diversify (the contract with Harvey's terminated when it was taken over by Showerings, prompting Ruiz-Mateos to buy Williams and Humbert). The formation of Rumasa followed three years after the conclusion of this Harvey's contract.

Rumasa is currently capitalised at Pts 17bn ($142m) against its original of Pts 300,000. Ruiz-Mateos owns 50 per cent of the shares and the remainder is held in 10 per cent blocks by five close members of his family. Affiliates and subsidiaries in the group are either owned and controlled directly by the holding company or through two publicly-quoted investment companies, Rumasina and Rumasinver, in each of which Rumasa has the controlling stake.

Trevor Humphries

Sherry barrels being manufactured from American white oak at the Ruiz-Mateos cooperage at Jerez de la Frontera

Ruiz-Mateos is reluctant to discuss the structure of Rumasa and is hard to pin down on how he operates. However, he is emphatic on one aspect: "as a private company we are not obliged to publish consolidated accounts." He also says he has no plans to do so in the near future. The accounts he is willing to show give little indication of group operating performance.

The drinks trade, according to Ruiz-Mateos, accounts for 25 per cent of Rumasa activity, and drinks exports comprise the bulk of the group's $188m export earnings. Nevertheless banking is increasingly becoming the most important interest and now accounts for 35 per cent of group activity.

Ruiz-Mateos started off in banking in his native Andalucia by buying a tiny one-branch bank in Cordoba with a Pta 5m ($71,000) capital. In the 1960s boom, banking was good business, and he quickly exploited the commercial value of a bank licence. Sr. Ruiz-Mateos has bought, sold or renamed at least half a dozen banks. He also now possesses 18 commercial and industrial banks in Spain, plus three overseas.

Rumasa banking interests combined represent the eighth largest group in Spain in deposit terms. Its principal banking assets are assessed at over $1bn, equivalent to 60 per cent of total assets. Bankers consider this a high figure.

This concentration of banking interests has been the target of much speculation recently. Spain's four-year-old economic recession has put a tremendous squeeze on bank profits and enforced far more rigorous management. Small banks have proved the most vulnerable to the crisis.

Ruiz-Mateos has accumulated small-sized banks which are generally local or regional in activity. The largest bank controlled by Rumasa is Atlantico—in which its stake is around 30 per cent—but this is only a big medium-sized bank with deposits of around Pta. 90bn ($1.2bn).

Ruiz-Mateos maintains that his banks are increasingly using centralised services but rejects the idea of formal consolidation of the various banks. He argues that local and regional banks have a future, especially as Spain is now putting emphasis on regional devolution. He also gives the impression that by keeping the banks' identities separate he has a recognisably tradeable item.

The banking community's view of Ruiz-Mateos was summed up by one senior banker: "There is a difference between a banker and an impresario. Temperamentally Ruiz-Mateos regards banking as just another entrepreneurial activity." The same person maintained that the Rumasa group had now reached a critical point in its development whereby it needs to consolidate and define itself.

Rumasa has grown up on a base that involves close and complex inter-locking relationships with and among its affiliates. The company contends that the proportion of group bank lending to affiliates and subsidiaries is "very moderate." However, the Bank of Spain is understood to have told the group that it must reduce the level of inter-company investment—and indeed has placed an informal curb on new investment.

Leather and perfume

For instance, the Bank of Spain politely dissuaded Rumasa from purchasing the property group of Sr. Jose Banus—heavily involved in resort development. The authorities were reportedly concerned at existing Rumasa loans to the Banus group.

However, Ruiz-Mateos's confidence is wholly undented. "I am still buying, buying," he says. His latest purchase, an important diversification, is a 31 per cent stake in Spain's most prestigious leather/fashion house, Loewe. Other new purchases include the sparkling wine producer, Segura Viuda, a Seville-based perfume plant, and a tin mine in Northern Spain. He has also opened two new hotels costing $35m.

In the past two years Rumasa claims its investments have created 7,500 new jobs and the group workforce is now 38,000. A measure of Ruiz-Mateo's ambition is this statement: "We have repeated many times that Rumasa aims to have 100,000 jobs in the organisation."

He still sees future growth outside manufacturing and essentially in the service and tertiary sectors. He wants to move more into distribution, taking advantage of group products in the drinks and hopefully foodstuffs sectors. He has an eye for Latin America—he wants to start up a wine retail distribution chain countrywide, something which has yet to be exploited in Spain. But he is coyly ambivalent on what will happen to Rumasa's banking interests.

It has been widely rumoured that Ruiz-Mateos has his eyes on some form of association partnership with Banesto. He says that he has always had close ties with the bank and in private would not be adverse to a Rumasa-Banesto association.

One scenario is that he would sell his banks to Banesto and in return become the largest single shareholder with a place on the board, which would then enable him to become the latter's chief executive.

Banesto is certainly facing important changes in its board because several key members are due for retirement. But he might find such an establishment position incompatible with that side of his character that is always dreaming new schemes.

Office roulette

THE DECISION where to locate an office is a crucial one for any board. Gone are the times when they were usually sited in or near a company's principal market.

Nowadays, with sophisticated communications, the decision need not be so obvious, as the relative costs of different locations have become an increasingly critical factor in the choice.

According to a new survey.* Dublin is the cheapest city in Europe and the U.S. in which to locate an office, with Frankfurt the most expensive.

Taking into account executive and secretarial expenses, office rental and car costs, the annual price tag for an office in the Eire capital is U.S. $53,000 at January conversion rates—this is about 30 per cent less than London, 40 per cent below the cost in New York, over 55 per cent below the rate for Paris and some 60 per cent less than what it would cost in Frankfurt.

The survey was compiled by Management Centre Europe, an independent management development and information organisation based in Brussels.

Executive expenses included the average local salary, social security payments and pension contributions while secretarial remuneration was based on the cost of a bilingual secretary. Office rental reflected the customary space for two people while the cost of a car included annual running expenses of 15,000 kilometres and depreciation over five years.

The biggest factor in the equation is, not surprisingly, executive and secretarial costs. In Dublin, an executive would cost about $31,000 a year, compared with $41,000 in London, $53,000 in New York and $87,000 in Frankfurt. In the same cities a secretary would cost $11,000, $14,000, $23,000 and $29,000 respectively.

In terms of office rental, Lisbon is the cheapest at $2,500 a year and London the most expensive at $18,000 a year. Office rental in Frankfurt is $10,000 a year, slightly less than in New York.

The cheapest centre in which to run a car is New York ($2,000 a year); elsewhere it costs between $3,000 (Frankfurt) and $6,500 (Athens).

On allied topics, the British Institute of Management has just published a practical guide† for individuals considering accepting an assignment overseas, while the Institute of Personnel Management has published a study** to provide guidance in drafting a policy on employee relocation expenses in the UK.

The BIM guide covers the need to make oneself conversant with such essentials as the terms and conditions of employment, the key documentation, the effect on national insurance contributions and benefits and such subjects as tax, exchange control and investment, family arrangements, property and personal effects and returning to the UK.

It is a comprehensive document and advises, for example, that expatriates should, before leaving, advise their local tax office in order to establish a status for income tax purposes. It should also be established whether an expatriate will continue contributions to an existing UK pension scheme or transfer to an overseas one.

While National Health Service medical cards should generally be surrendered, they should be retained if going to Poland, Bulgaria or Romania, since it may have to be produced to obtain reciprocal health treatment. Expatriates should also check that any life assurance and personal accident insurance policies are not invalidated by moving abroad.

The IPM study is based on a review of 18 company policies, including Alcoa of Great Britain, Boots, IBM and Pilkington. It says that in many organisations assistance is given to new employees only in exceptional circumstances.

It is also not uncommon for companies to have different policies for married and single employees with the allowance payable to single employees being usually less than that payable to married employees.

Companies almost always make some contribution towards legal expenses, stamp duty, estate agent's fees, survey fees and advertising costs for both the sale and purchase of properties.

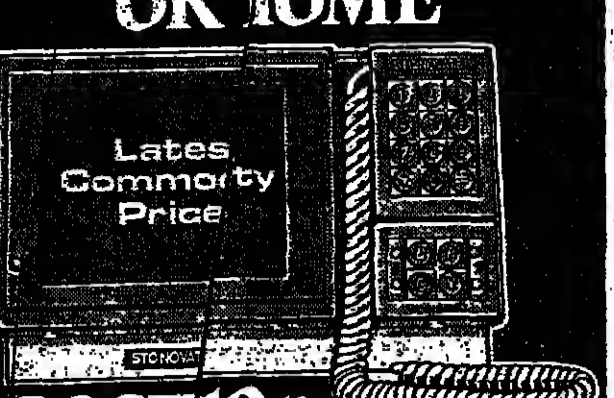
Many companies will also pay reasonable expenses for accommodation and travel of both employee and spouse visiting the new location to inspect properties. Where an employee is required to start a new job before the family has found a new house, most companies will reimburse the employee for the cost of return trips to the old location to visit the family.

Companies also often help with bridging loans, loans at preferential rates and a mortgage subsidy. Other help usually includes removal expenses, the travel costs of the family at the time of the move, and a disturbance allowance.

** International Transfers — Europe and the U.S., available from Management Centre Europe, avenue des Arts, 4, Brussels, price 15,000 Belgian francs; †Accepting a Job Abroad: a practical guide, BIM, Management House, Parker Street, London WC2, price £7.50; ** Employee Relocation Expenses, IPM, Central House, Upper Woburn Place, London WC1, price £5.50.*

Arnold Kransdorff

IN YOUR OFFICE OR HOME



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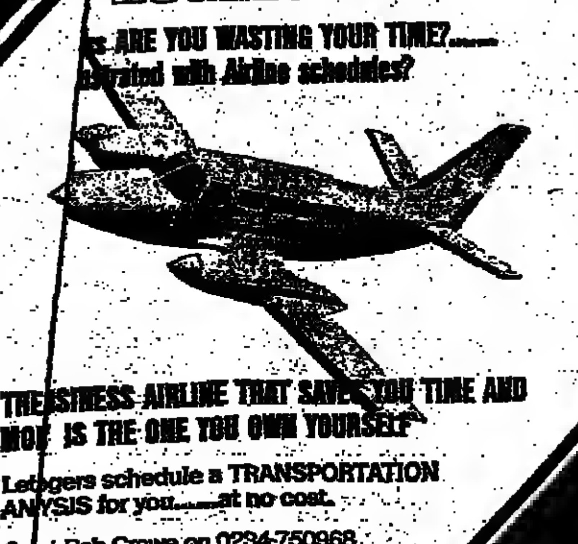

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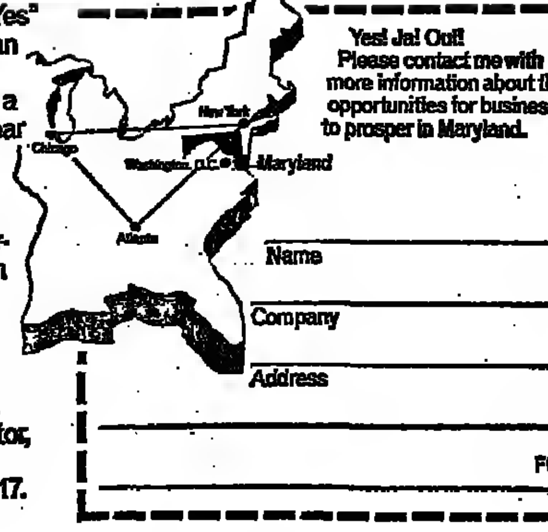

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LOMBARD

Where people take to art

BY MALCOLM RUTHERFORD

WINSTON-SALEM, North Carolina, is tobacco country, even to most Americans. Nowadays, however, it has another distinction: it spends more money on the arts per head of population than any other city in the U.S. and perhaps in the world.

A recent two-day visit there was spent roughly as follows. Visit North Carolina School of the Arts where dance, concert and theatre rehearsals are under way all over the place. Attend honorary degree ceremony at same school. The recipients include Rosemary Harris, the English actress who lives nearby, Agnes de Mille and José Ferrer. Look in at reception where people are talking about raising yet more money for cultural expansion. Attend performance of La Syphide. Go on to black-tie dinner where patrons mingle with artists.

Companies

The pattern of the next day is much the same except that attention switches to the visual arts. There is great excitement because the Equitable Life Assurance Society has just joined the Rockefeller Foundation and the National Endowment for the Arts in putting up more money for art scholarships and art purchases. The fund will be administered by the already flourishing South-eastern Centre for Contemporary Art (SECCA). It is the first time that Equitable has gone in for sponsorship of this kind, but Mr. Coy Eklund, the corporation president, says he is confident that other companies will follow.

It is true that more people in America now go to dance, concerts, theatre and museums than to sporting events, but Winston-Salem is still out on its own. At the exhibitions the directors from the galleries in Washington are there in force looking for acquisitions for the national collections. There is a man from the British Council trying to discover how arts patronage works in these days of government cuts. All the glossy arts magazines have attempted features on the place's special secret, but none of them have really found an answer.

There are, of course, some explanations. It is said that there have always been strong cultural traditions. Some of the original Moravian settlers were so fond of music that the early town was known as "a hotbed of Haydn." The first arts council in America was established in Winston-Salem in 1949. The old families — Reynolds in tobacco and Hanes in textiles — have been generous with their money. The state legislature has also provided funds. When it voted to establish the School of the Arts—the first of its kind in the U.S.—in 1965, there was a question of which city it should go to. Winston-Salem made its claim by raising an extra $1m in 48 hours, not from one or two millionaires but from 5,000 citizens.

None of that explains, however, why a city with a population of around 145,000 should have become such a cultural centre. There are, after all, other rich Americans willing to spend money on the arts, but attempts to buy artistic prowess elsewhere have not come off. In Winston-Salem you now have people attending *La Sylphide* who a few years ago had never seen a classical ballet. You have people collecting pictures who a few years ago had scarcely looked at a painting. Nor are they all especially rich; the predominant quality is simply enthusiasm. The standards are high.

Project

Success breeds success. The next project is the completion of a huge new theatre in the city centre. The centre itself has been renovated by the selling off of old condemned houses for one dollar a-piece. The middle class moved in and did them up. Once again people are coming from Washington and elsewhere to try to discover the place's mysterious secret. The problem of down-town renovation has defied almost all other American cities.

Even among those most closely involved, no-one can give a wholly convincing explanation. People have been offered the arts, and have turned out to appreciate them. It may not be repeatable everywhere else, but it is encouraging, none the less.

Why champagne costs so much

FEW WOULD deny that champagne is an expensive wine; least of all those who produce it. This did not, however, stop Britain importing more than 1m bottles more last year than in 1978. Neither did it stop Britain resuming its traditional role as Champagne's leading and, I dare to say, most respected foreign customer, buying 9.2m bottles.

However, with a per capita consumption of less than one-fifth of a bottle the British have some way to go before they match the Belgian intake of about 1½ bottles, let alone the French figure of double that amount.

The much higher consumption of our neighbours is not because champagne is commonly less expensive there, for as bargain-hunting British visitors will have discovered the champagnes of well-known firms are scarcely if at all cheaper than in Britain, and in restaurants the mark-up is usually much higher.

Champagne is expensive because it is costly to make, much more so than fine table wines that sell at equivalent prices. In the first place, the black and white grapes needed for a good *cuvée* are expensive with prices officially agreed between growers and merchants on the eve of each vintage. The basis is 36 per cent of the average ex-cellar selling price of a bottle of champagne in the first half of that year; with a 10 per cent tolerance on either side.

Last year the merchants, faced with an acute shortage of stocks, gladly agreed to up the basic price by 10 per cent, and in the best communes the price was FFr 11.56 a kilo, an increase of 22 per cent on the previous year.

Although prices from the lesser villages are scaled down from the top figure, it takes 1½ kilos to produce one bottle of champagne, and a *grande marque* vintage or de luxe brand will contain only grapes bought at around 95 per cent of the top figure. The cost is thus £1.50 to £1.75 a bottle at last autumn's exchange rates, before production starts.

Although at such prices the growers did very well last year with its record crop, they had a disastrous result from 1978—the smallest harvest for more than 20 years—and in real terms the price per kilo has only risen from FFr 4.88 in 1970 to FFr 5.21 last year.

Its two fermentations, storing for two or three years, the *rémuage* (shaking the sediment down onto the cork), the *dégorgement* (removing this sediment and replacing it with the *dosage* which establishes the relative dryness or sweetness) and the expensive final cork make the costs high. After these processes any good champagne should lie for at least six months under its new cork, although nowadays this is more often left to the importer or retailer, most of whom these days cannot afford to keep it that long before reselling. If the cork is hard to remove, the *mousse* is excessive, and the taste somewhat "ginger-beery," it is a fair guess that the champagne has not had adequate "landing age." This is an argument for buying from a traditional wine merchant, some time before drinking.

WINE

BY EDMUND PENNING-ROWSELL

Although making champagne is necessarily expensive and prolonged, it should not be thought that the champagne firms have not been concerned to rationalise production, though, in most cases, not at the expense of quality.

Nowadays the first fermentation takes place in stainless steel vats, with only a few traditional houses sticking to fermentation in individual oak casks. Then in place of the large cork (the *bouchon de tirage*) used to seal the bottle for the second fermentation, the crown cork is now almost universal, although there are those who believe that if a champagne is to be kept for a long time in bottle before the disgorging, the little sliver of cork between wine and metal is insufficient. But the crown cork is much cheaper and the risk of corked bottles is reduced. Also for many years now the *dégorgement* to eject the sediment has been done by freezing the bottle neck and then ejecting the frozen pellet of sediment.

The remaining expensive, time-consuming manual job is the highly skilled *rémuage*, whereby the sediment is slowly shifted down onto the cork by means of daily turning combined with gradual tilting until the bottle is pointing vertically downwards. The *rémueurs*, who can twist anything from 30,000 to 60,000 bottles a day per man, are the most highly paid men in a champagne cellar. Experiments have been going on for years to try to do this mechanically. One form is to place the bottles in sleeves attached to a sort of vertical screen with holes in it, with the bottles being turned and tilted electrically.

More recently a stainless steel pallet holding 504 bottles has been designed to fit into a sort of open cage, which is turned by an attached motor. Computer-operated rather than tied to working hours, it speeds up the *rémuage* from six to eight weeks to ten days. It also saves a great deal of space in cellars that nowadays cost vast sums to extend. Taittinger's 60 electrical *rémueurs* deal with 30,000 bottles at a time. They claim that the champagne treated this way is clearer than that manually operated.

Other firms have been experimenting with one or more forms of electrical *rémuage*, but are yet to be convinced of their efficacy. There is, however, little doubt that automatic *rémuage* will become general in due course.

There is no way of avoiding the fact that champagne will always be relatively expensive, and this is a good reason to buy a good one and serve it properly. What should one look for?

First, of course, the *mousse* should be active, and the bubbles small rather than large, as may be found in more lesser sparkling wines. Secondly, it should smell fruity and clean, not of yeast or have an "off" odour. Say, in old champagne, the colour should be pale. The wine should taste fresh, clean and grapey which does not imply sweetness or the flavour of raw grapes. Above all it should not have a heavy, flabby taste.

As to serving, it is not a good idea to open the bottle immediately on receipt. Like all wine it is improved by rest after a journey. For serving, the traditional cellar temperature of 55 deg.F. (13 deg.C.) is too warm, but it should not go much below 450 deg.F (9-10 deg.C.). Certainly it should never be put in a refrigerator's freezing compartment. An hour in the lower part or 10 minutes in an ice-bucket well filled with water as well as ice cubes should be sufficient. If warm champagne is an abomination, to serve it too cold is a terrible waste.

To open, the bottle rather than the cork should be turned, and if possible a pop, and the consequent likely loss of champagne, avoided. So too should the round open "coupes" still favoured by wedding caterers. They dissipate aroma, fizz and flavour. I prefer the flute shape normal before the Moulin-Rouge or Gaiety-Girl epoch. But a large wine glass half-filled will do just as well in capturing all that one looks for in a refreshing "draught" of champagne.

Curtain-raiser for Carson

WILLIE CARSON this afternoon launches himself into what could be the most lucrative five-day race riding of his career. The former champion, whose Epsom rides include Henbit, Bireme and Niniski, looks to have better prospects at Salisbury than either Piggott or Eddery, with whom he is having such a fierce tussle in the championship race.

I particularly like the chances of Carson's mounts in the two divisions of the Laverstock Maiden Stakes. In the first division the Scotsman partners Lady Beaverbrook's Bustiki, while in the second he is aboard the Sir Michael Sobell-owned New Jerusalem.

RACING

BY DOMINIC WIGAN

Although Bustiki is without the benefit of previous racecourse experience, I anticipate him being sent to post at cramped odds following highly encouraging reports which have circulated from West Ilsley.

New Jerusalem, who received so much favourable notice when taking third place on his debut in Newbury's Spring Stakes, won by Saviour, proved a bitter disappointment at Bath last time out. There, Carson's mount, a 7-4 on chance in a modest maiden event over the same one mile three furlongs trip he had tackled at Newbury, failed to produce anything like his previous running, never getting into the race at any stage.

In the belief that he remains a colt of considerable potential but one who simply had an off day at Bath for one reason or another, I intend giving him another chance here.

Now that both Bright Landing and Ring Moylan have been withdrawn from the Rubbing House Maiden Fillies Stakes, the path looks considerably easier for the once-raced Chateau Dancer.

It is reported that Master Willie could be a doubtful starter for tomorrow's Derby following an apparently disappointing gallop over the weekend. As anticipated yesterday's ante-post business on the big race chiefly concerned Nikoli and his fellow Irish challenger, Monteverdi.

SALISBURY
- 2.00—Radella
- 2.30—Chateau Dancer**
- 3.00—Glen Dancer*
- 3.30—Sarus
- 4.00—Winter Wind
- 4.30—Bustiki
- 5.00—New Jerusalem***

ENTERTAINMENT GUIDE

OPERA & BALLET

THEATRES

CINEMAS

ART GALLERIES

[illegible]

TV Radio

BBC 1

† Indicates programme in black and white

6.40-7.55 am Open University (ultra high frequency only). 9.35 For Schools, Colleges. 1.15 pm News. 1.30 The Flumps. 2.00 You and Me. 2.14 For Schools, Colleges. 2.20 Pobol y Cwm. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Lassie. 4.40 Jigsaw. 5.05 John Craven's Newsround. 5.15 Ask Aspel.
- 5.40 News
- 5.55 Nationwide (London and South East only)
- 6.20 Nationwide
- 6.55 Boobs in the Wood
- 7.05 Sykes (London and South East only)
- 7.35 Dick Emery—Take 2
- 8.30 Rings on Their Fingers
- 9.00 News
- 9.25 Dunkirk (The Story Behind "The Legend")
- 10.25 The Crystal Gayle Special
- 11.15 Platform One: The Rt. Hon. Barbara Castle in conversation
- 11.45 Regional News

All Regions as BBC—1 except as follows:

CYMRU/WALES — 10.35-11.00 am Y Ysgolion. 3.15-5.40 pm Bilidowcar. 5.55-6.20 Wales Today. 7.05-7.35 Heddiw. 11.45 News and Weather for Wales.

SCOTLAND—1.10-1.15 pm The Scottish News. 5.55-6.20 Reporting Scotland. 7.05-7.35 Sykes. 10.25 Current Account. 10.55 Crystal Gayle Special. 11.45 News and Weather for Scotland.

NORTHERN IRELAND—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 7.05-7.35 Hello Sunshine. 11.45 News and Weather for Northern Ireland.

ENGLAND—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Newcastle); Look North-west (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 7.05-7.35 East (Norwich) The Norfolk Coast; Midlands (Birmingham) Look! Hear!; North (Leeds) Beneath the Pennines; North East (Newcastle) Spike's Night; North West (Manchester) Contrasts; South (Southampton) The Get-aways; South West (Plymouth) One and All; West (Bristol) Trees For All Seasons.

BBC 2

- 6.40-7.55 am Open University
- 11.00 Play School (As BBC-1 3.55 pm)
- 4.00 pm Music Time for Teachers (As BBC-1 12.10 pm)
- 4.50 Open University
- 6.55 Swim
- 7.20 Mid-Evening News
- 7.30 Cantilena
- 8.00 Out of Court
- 8.25 The Philpott File: Inside a Multinational
- 9.00 A Question of Guilt
- 9.25 The Enigma Files
- 10.15 Rugby Special: South Africa v British Lions (highlights)
- 10.45 Newsnight
- 11.30 The Old Grey Whistle Test

LONDON

9.30 am Schools programmes. 11.55 The Undersea Adventures of Captain Nemo. 12.00 Cockleshell Bay. 12.10 pm Pipkins. 12.30 The Sullivans. 1.00 News plus FT Index. 1.20 Thames News. 1.30 Oscar Peterson Presents Louie Bellson and Niels Henning Pederson. 2.00 After Noon Plus Encore. 2.45 Happy Returns. 3.45 Tell Me Another. 4.15 Get It Together. 4.45 Magpie. 5.15 Emmerdale Farm.
- 5.45 News
- 6.00 Thames News
- 6.25 Help!
- 6.35 Crossroads
- 7.00 Survival
- 7.30 The Streets of San Francisco
- 8.30 Only When I Laugh
- 9.00 Frontier
- 10.00 News
- 10.30 Classic Touch: "The Life and Times of Vincent O'Brien" by Ivor Herbert.
- 11.30 Thames Debate: Llew Gardner chairs a debate, the motion for which is "The British are bad Europeans"
- 12.15 am Close: Personal choice with Deoise Coffey

All IBA Regions as London except at the following times:

ANGLIA

12.30 pm Against the Wind. 1.30 Stars on Ice. 6.00 About Anglia. 7.00 Enterprise. 7.30 Charlie's Angels. 11.30 Rush. 12.30 am Have You a Minute Lord?

ATV

12.30 pm George Hamilton IV. 1.20 ATV Newsdesk. 1.30 Just Cram Your Finger in the Oisl. 5.15 Survival. 6.00 ATV Today. 7.00 Emmerdale Farm. 7.30 A Man Called Sloane. 11.30 ATV Newsdesk. 11.35 S.W.A.T.

BORDER

1.20 pm Border News. 6.00 Lookaround Tuesday. 7.00 Emmerdale Farm. 11.30 TV Movie. 12.30 am Border News Summary.

CHANNEL

12.30 pm Against the Wind. 1.30 Channel Lunchtime News, What's On Where and Weather. 1.30 Survival. 5.15 Bailey's Bird. 6.00 Report at Six. 7.00 Curtain Raiser. 7.05 TV Movie: "Shark Kill." 10.28 Channel Late News. 11.30 Untamed World. 12.00 The Entertainers (Georgie Fame). 12.25 am Commentaires et Prévisions Météorologiques.

GRAMPIAN

8.50 a.m. First Thing. 12.30 p.m. Against the Wind. 1.20 North News. 1.30 Stars on Ice. 6.00 North Tonight and Area Weather Forecast. 7.30 A Man Called Sloane. 11.30 Reflections. 11.35 Streets of San Francisco. 12.30 am North Headlines.

GRANADA

11.50 a.m. The Bubblies. 12.30 p.m. Against the Wind. 1.20 Granada Reports. 1.30 Stars on Ice. 6.15 Happy Days. 6.00 Granada Reports. 6.35 Emmerdale Farm. 7.05 Tuesday Premiere: "The Great Niagara." 11.30 Lucan.

HTV

1.20 pm Report West Headlines. 1.30 George Hamilton IV. 5.15 The Sheepish Wolf. 6.00 Report West. 6.30 The Tuesday Movie: "Destination Inner Space." 8.00 George and Mildred. 11.30 Mannix.

HTV Cymru/Wales—As HTV West/HTV General Service except: 12.00 pm Fflabalam. 1.20 Penawdau Newyddion y Dydd. 1.25-1.30 Report Wales Headlines. 4.15-4.45 Sbardun. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.30 Sywyd. 11.15 Classic Touch. 12.15-12.45 am Take the Mick.

SCOTTISH

12.30 pm News and Road and Weather. 1.30 You're Only Young Twice. 5.15 Popeye. 5.20 Crossroads. 6.00 Scotland Today. 6.30 What's Your Problem? 7.30 Charlie's Angels. 10.30 Late Call. 11.35 Celebrity Concert—Pat Boone.

SOUTHERN

12.30 pm Against the Wind. 1.20 Southern News. 1.30 Electric Theatre Show. 3.45 The Allen Stewart Tapes. 5.15 The Undersea Adventures of Captain Nemo. 6.20 Crossroads. 6.00 Day by Day. 7.00 Emmerdale Farm. 7.30 The Incredible Hulk. 11.30 George Hamilton IV.

TYNE TEES

9.20 am The Good Word, followed by North East News. 1.20 pm North East News and Lookaround. 1.30 Friends of Man. 5.15 The Electric Theatre Show. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 7.00 Emmerdale Farm. 10.30 North East News. 11.30 Police Woman. 12.30 am Epilogue.

ULSTER

1.20 pm Lunchtime. 1.30 Stars On Ice. 4.13 Ulster News Headlines. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Ulster Television News. 6.15 The White Line. 6.30 Bygones. 7.00 Emmerdale Farm. 7.30 A Man Called Sloane. 10.29 Ulster Weather. 11.30 Soap. 12.00 Bedtime.

WESTWARD

12.30 pm Against the Wind. 1.20 Westward News Headlines. 1.30 Survival. 5.12 Gus Honeybun's Birthdays. 5.15 Bailey's Bird. 6.00 Westward Diary. 7.00 Curtain Raiser. 7.05 TV Movie: "Shark Kill." 10.28 Westward Late News. 11.30 Boxing. 12.00 The Entertainers (Georgie Fame). 12.50 am Faith for Life. 12.30 West Country Weather and Shipping Forecast.

YORKSHIRE

11.55 am The Bubblies. 1.20 pm Calendar News. 1.30 How to Survive in an Occupied Country. 3.45 Calendar Tuesday. 5.15 Father Dear Father. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 7.30 Charlie's Angels. 11.30 Little River Band.

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2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92-95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf

Capital Radio: 1548kHz 194m & 95.8vhf

London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(s) Stereophonic broadcast
‡ Medium wave

5.00 am As Radio 2. 7.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Andy Peebles. 4.31 Paul Gambaccini. 7.00 Personal Call. 8.00 Mike Read. 9.50 Newsbeat. 10.00 John Peel (s). 12.00-5.00 am As Radio 2.

RADIO 2

6.00 am News Summary. 5.03 Ray Moore (s). 7.32 Terry Wogan (s). 10.03 Jimmy Young (s). 12.03 pm David Hamilton (s). 2.03 Ed Stewart's Request Show (s). 4.03 Much More Music (s). 5.00 News. 5.05 Much More Music (s) (continued). 6.03 John Dunn (s). 8.02 The Leading Ladies: Vanessa Lee (s). 9.02 Glamorous Nights (s). 9.55 Sports Desk. 10.02 The American Way of Laughs. 11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (s).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Overture (s). 8.00 News. 8.05 Morning Concert (s). 9.00 News. 9.05 This Week's Composer: Schumann (s). 10.00 Brahms: A Life in Song and Violin Music (s) including 10.50-10.55 Interval Reading. 11.55 Tippett: Sonata for four horns (s). 12.15 pm Lunchtime Prom, part 1 (s). 1.00 News. 1.05 Six Continents. 1.25 Lunchtime Prom, part 2 (s). 2.10 Ukrainian Piano Music (s). 2.55 Bach and Geoffrey Burgon concert (s), including 3.35-3.45 Interval Reading. 4.25 Jazz Today (s). 4.55 News. 5.00 Mainly for Pleasure (s) (‡ and mono only from 6.20). 7.00 Handel: Concerto Grosso in B flat (s). 7.15 "Ulysses," opera by Dallapiccola (s). Prologue and Act 1. 8.35 What Books I Please with Roy Fuller. 8.55 "Ulysses," Act 2 (s). 9.45 The Piano Music of Busoni (s). 11.00 News. 11.05-11.15 Mendelssohn (s).

VHF only—Open University: 6.00-7.00 am and 6.20-7.00 pm and for Scottish students only: 12.00-1.00 am.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News headlines. 7.35 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.02 Medicine Now. 10.30 Daily Service. 10.45 Story Time. 11.00 News. 11.05 Thirty-Minute Theatre. 11.35 Wildlife. 12.00 News. 12.02 pm You And Yours. 12.20 Down Your Way. 12.55 Weather; programme news. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen With Mother. 3.15 Little Dorrit (S). 4.10 Bookshelf. 4.40 Announcements. 4.45 Short Story. 5.00 PM News magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Detective. 7.00 News. 7.05 The Archers. 7.20 Reel Evidence: "Leaking" information in the public interest. 8.05 In Touch. 8.30 Music For A Living. 9.15 Down The Garden Path. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Round Britain Quiz. 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 4.30 London News Desk. 5.35 Look, Stop, Listen. 7.03 Black Londoners. 8.00 Question Time from the House of Commons. 9.00-5.00 am Join Radio 2.

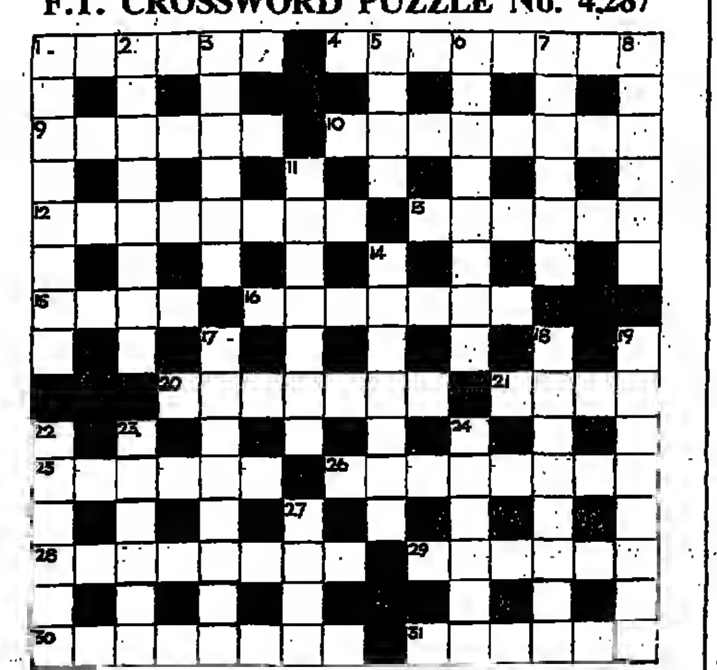
London Broadcasting

5.00 am AM with Bob Holness and Douglas Cameron. 10.00 Brian Hayes. 12.00 LBC Reports. 8.00 pm After Eight. 9.00 Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra. 5.00 Morning Music.

Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 1.00 pm London Today First Report (S). 1.10 Dave Cash (continued). 3.00 Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 8.00 Nicky Horne's "Your Mother Wouldn't Like It" (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 4,287



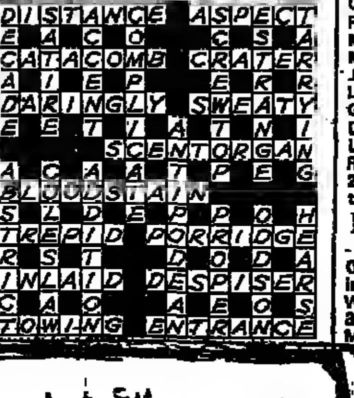
ACROSS

1 Inspiration for soldiers in Bath (6)
4 Applaud before gin produces empty words (8)
9 Got to know Shakespearean king with hook (6)
10 Hound going around in basket (8)
12 Very thin crack seen on the head (5)
13 Feeling an emotion or most of it (6)
15 Stringed instrument or wind instrument with one note missing (4)
16 Militaristic drawing in nine inches (7)
20 Magazine from a London club (7)
21 Mothers' Union leaders quist? Rubbish! (4)
25 Control river fleas (6)
26 Silver-paper thrown away is sparkling (8)
28 Breakfast-food opener (3-5)
29 Universal order of comics (6)
30 Weaken article in plate (8)
31 Animal with paws around vicar (6)

DOWN

1 Secret passage a nut may cover (8)
2 Came up before I dined to make thinner (8)
3 Smell the French seaweed (6)
5 Metal guide (4)
6 Clerical staff ended examination (6)
7 Organised detectives—that's had (6)
8 Dad taking cover and it's obvious (6)
11 Fish giving a snack for each (7)
14 Organise a right row (7)
17 Crazy person is to break vessel (8)
18 Buyer who would be dangerous if ugly (8)
19 A more direct route for tobacco (5-3)
22 Add a very soft finish (6)
23 Bottle with iris on (6)
24 Aerial I'd put up on rod (6)
27 Cardinal number with nought in crust (4)

Solution to Puzzle No. 4,286



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THE ARTS

Design

The vision of Benois by ROY STRONG

I was too young ever to have seen any of the great productions Alexandre Benois created for Diaghilev. My first awareness of his work came through a dustjacket he designed for Cyril Beaumont's *Ballet Design Past and Present* (1946) which remained for long unsold in a bookshop in the suburbs of North London until snapped up for me at half-price a few years after. I still have it, a little torn, but is has all the Benois magic and facility. Crimson curtains are looped back to disclose a group of dancers adorning a roccoco cartouche: the ghost of Petrouchka, Vestris in nodding ostrich plumes and paniered skirt, Giselle looking more like Alice, a bacchante from a neo-classical ballet and tartan-clad Rueben from *La Sylphide*. With its haunted romanticism and echoes of the vanished grandeur of the 18th century it epitomised the mainstays of Benois' gentle art.

Benois lived to the enormous age of 90, dying as recently as 1960. It is amazing to think that he was well over 40 when the Russian Revolution broke out, that his final production with Diaghilev was in 1924, and that his last production of all was his 11th version of *Petrouschka* for Covent Garden in 1957. In the same year he designed *Nutcracker* for the Festival Ballet. These are the only Benois sets and costumes that I have ever seen on stage, and neither struck me as visually memorable but rather pale reflections of an earlier tradition rendered obsolescent in the post-war explosion in theatre design responding to new materials and new methods. In other words they struck one as old-fashioned and at 87 he was unlikely to have supervised the painting of the cloths or the making of the costumes. For, as my wife always says, "One is only as good as one's workshops," and that what a designer produces is not a drawing but an effect seen from the auditorium of which a drawing is only one fragment of a highly complex process. No supervision and the magic evaporates, as witness the re-creation of Oliver Messel's *Sleeping Princess* by the New York City Ballet without his eagle eye constantly to check and advise. And magic vanishes too over the years as sets and costumes gradually run down hill until they are only approximations to the original vision. And at that point a designer asks for his name to be removed from the programme!

All this is important to bear in mind when looking at the delightful exhibition of some 60 Benois designs recently at Hazlitt, Gooden and Fox. The fact that designs for the theatre are framed and exhibited as drawings in their own right should never be a prime intent for the designer. They are elements of a working process. I confess myself prejudiced in Benois' favour because one is aware the whole time of that process, that they are working drawings often executed hastily under pressure and necessarily covered with annotations on cut and colour and effect. One respects this. Bakst, who was the greater designer and draughtsman, conceived each drawing as a work of art and as such seems to me to have entirely the wrong approach.

The Benois designs stretch from *Le Pavillon d'Armide* in 1907, his own conception, to *Giselle* 40 years later. One is firstly struck by the unchanging style, pen and black ink and watercolour over pencil. The taste is always distinguished, even aristocratic, and there is never a trace of vulgarity or *kitsch*. From time to time there is boredom and tiredness. *Giselle* must be any designer's idea of a nightmare commission and his costume designs are apologetic as he cheerfully lumps together ladies carrying spears from Cranach and others bearing falcons from Antonio Mor or Coello 50 years on. So in fact the quality lies in the earlier designs when he was part of the aesthetic explosion of Diaghilev. The sketches for the pavillion in the second act of *Le Pavillon d'Armide* show, as Richard Buckle points out in his typically perceptive and charming reminiscence, Benois' debt to Juvara for his architecture and Guardi for his style.

It is easy to forget that Benois was also an art historian of sorts and director of the Hermitage. This explains a great deal about his art, a surprising combination comparable to our own Director of the British Museum running off designs for *Parsifal* on the side. In other words Benois was steeped in the art images of the past, above all those of the 18th century, so much so that its recreation flowed effortlessly from his pen. But it was on the whole a selective arcadian vision. The [illegible] he sets out to create draw on an idealised past rather than any reality. It is to Bibbiena, Watteau or the fashion plate that he would prefer to allude. The *Nutcracker* ballet, which is based on a charming middle class *biedermeier* tale by Théophile Gautier, is inappropriately made to take place in a palatial Russian roccoco room which is far distant from the original ambience of the scenario.

Designs for children's toys, Nutcracker (1938)

Columbine and Harlequin are from Meissen figures, utterly exquisite, while those who arrive in fancy dress must be attired too in the excesses of *les incroyables*. For the real *Nutcracker* one must look at his delightful designs for the children's toys, the jack-in-the-box or the Nutcracker himself.

This is what makes the *Petrouschka* (not my favourite ballet) designs for the original production of 1911 his most enduring and potent theatrical creation. For once he has been unable to voyage into an artificial arcadia. Here he is crystallising part of the Russia he loved which was shortly to vanish. Here there are detailed sketches of samovars, for crude peasant decorative paintings on the showman's booth, endless views of St. Isaac's cathedral which makes up the backcloth to the first scene and marvellous sheets with studies of the gaily painted windows with their shutters that adorn the great proscenium arch. It is Russia recalled with an intensity in far away Paris. No one since has been able to replace that vision and in the world of the theatre that is the ultimate compliment.

Covent Garden

Elly Ameling by MAX LOPPERT

The pleasures of a song recital by Elly Ameling, which are profuse, depend to a notable degree on her art of contradicting the expectations she naturally arouses. In demeanour and dress, fragrant but never forward, her platform presence hardly prepares one for the skill with which all her programmes have been compiled or the subtlety and resource of her performances; the voice, sweet, clear, and unfailingly true but limited in volume and substance (on Sunday evening it sounded, in fact, in slightly less than best condition) would seem to deny her a wide range of expression. So it becomes a delightful occupation to discover how much more there is to this singer than first impressions allow; and one more delightful still to appreciate the degree of sophistication implicit in her artistry.

This sophistication takes a number of forms. In Schubert, of whose songs Miss Ameling is now a hardly rivalled interpreter, it is the grateful act of "just singing" the songs that at the same time does not scamp textual subtleties—*An den Mond* was a lesson in the pacing of a strophic song, *Du libst mich nicht!* a study in carefully graded verbal niceties. In a most welcome Mendelssohn group, the phrasing was quite as limpid as this composer requires, yet the banality that comes from taking his *too* courteously was easily kept at bay. Perhaps in the *Hexenlied* a natural supply of darker vocal colour might have lent a greater dramatic focus; but the problems here had more to do with a piano ill-voiced in its bass register, and with Dalton Baldwin's under-vitalised account of the piano part — intermittently throughout the recital, Mr. Baldwin left the oddest impression of playing only to and for himself.

No less sophisticated was the response to Poulenc, for it involved a refusal to fall in with currently circulated views on how this composer should be delivered; whereas too many less-experienced singers attempt, in a cycle such as the late *La Courte Paille*, to purvey a feigned Gallic urbanity, Miss Ameling opens the deeper vein of melodic simplicity in the music, showing at the same time why Poulenc has won, and has deserved to win, his current popularity. (Not that the reading was funless; it had gaiety, wit, and poise in plenty.)

But perhaps the most remarkable achievement of the evening was to persuade the listener that a voice of this timbral density and character belongs fitly in Spanish song, that, say, the long, flamenco-inspired melismata of Turina's *Contares* flow vibrantly in its tones. Such persuasion eagerly completed, Miss Ameling proceeded, in three encores, to supply the by now redundant but still immensely pleasing evidence of her linguistic virtuosity a Japanese lullaby, *Der Musensohn*, and Rossini's *La danza*. This was her first recital at the Opera House; no doubt, given its success, we can expect many more.

St. John's, Smith Square

Gemini by ANDREW CLEMENTS

Over the next two weeks the ensemble *Gemini*, directed by Peter Wiegold, is giving a series of concerts and "participatory workshops," divided between Morley College and St. John's, Smith Square. On Sunday evening the series began with a programme containing Ravel—the *Chansons Madécasses*, freshly and intelligently sung by Margaret Field—and new works by Jonathan Harvey and Wiegold himself.

Harvey's *Concelebration* for flute, clarinet, cello and piano, all of whom double on a variety of percussion instruments, was the only authentic first performance of the concert. It begins, as with a number of his recent works, with a religious inspiration, but goes on to extend an entirely abstract, highly organised structure. The composer describes it as "a ritualistic work in which the four instrumentalists go their own ways and yet from time to time meet and 'dance' together." Each instrument moves through its own sequence of duration cycles, punctuated and articulated by percussion, overlapped and only occasionally reinforcing each other.

The net result is a densely argued, uningratiating piece, with instruments used *in extremis* and many passages of frantically tangled textures. At *first* hearing, what one appreciates of the main structure is at the cost of much of the fine detail; ideas crowd in too rapidly and too much is apparently the casual result of coincidence. Passages more obviously calculated fall more easily on the ear, but there are precious few of them.

Would that there were as many incidents in Peter Wiegold's *The Flowers appear on the Earth*, a BBC commission written in 1977-78 for Gemini and receiving its first public performance here. The scale of the work is large (over 35 minutes) and the theoretical apparatus it carries of at least passing interest: the work tries to liberate natural (i.e., untempered) tuning and to build its melody and harmony upon a single harmonic series. But there are not enough ideas of sufficient interest to flesh out such an ambitious scheme. The instrumentation includes an important part for the Indian santoor, a cross between a zither and a cimbalom; after the initial novelty of its sound wears off, its tonal resources do not really measure up to the demands that Wiegold makes of them.

Jazz education course

The Jazz Centre Society is running a jazz education course from July 21 to August 1 at Rutherford School, Penfold St, London, N.W.1.

It is a comprehensive course aimed at people who have attained an intermediate standard on their instruments. Harmony, arranging, composition, ear-training and ensemble playing in big bands are among the aspects of jazz making which will be covered by musicians including Olaf Vas, Jimmy Hastings, Dave Cliff, Peter Ind and Eddie Harvey.

Classes run from 10 a.m. to 5 p.m. every day and Barbara Ind, who is organising the course for the JCS, says the aim is to have eight students per tutor.

Full details from Barbara Ind c/o the JCS, 35 Great Russell Street, London, WC1.

Denmark

A new Phaedra in Copenhagen by OSSIA TRILLING

Ghita Norby (Phaedra) and Niels Vigild (Hippolytus)

With the world première in Stockholm of Per Olov Enquist's *The Night of the Tribades* in 1975 the first Swedish dramatist of world stature since Strindberg may be said to have arrived. The next two plays, written in collaboration, revealed Enquist's radical political stance as much as his interest in the vagaries of the human psyche. Both feature strongly in *To Phaedra*, which had its world première last month not in Sweden but, in a poetical Danish translation by Ole Brandstrup, at the Royal Theatre in Copenhagen.

His first play enjoyed a world-wide popular and critical success, except in the U.S. where it fell foul of wrong-headed casting. Its protagonist was the aberrant Swedish dramatist August Strindberg, whose attitudes to the theatre and to two of the women in his life were subjected to searing critical analysis by Enquist. It was the first member of a trilogy about destructive "love," of which *To Phaedra* is the second. The later play is written in various rhythmic metres, and includes some alexandrines reminiscent of Racine, iambic pentameters, and a good deal of the kind of short, staccato but pregnant blank verse practised by Bond. As in its predecessor Enquist pulls no verbal punches. It abounds in provocative metaphorical allusions, as in the headlog to one of the eight "songs" (rather than "scenes") into which the play is divided. There "The labyrinth" is a euphemism for the female parts that Phaedra exploits unavailingly for possession and sexual fulfilment. Many of the poetical similes, *pace* Freud, revolve suggestively around the bodily functions.

The vibrant quality of the writing may be gathered from the Swedish text which Norstedt has published in Stockholm to coincide with the Danish premiere. Enquist adds a revealing *postcript* containing his working notes, from which one may learn, for example, that his wish to emulate Racine and more recent adaptors in retelling the tale of the tragic Athenian queen of the title was sparked off by the case-history of a humiliated middle-aged American wife. Unlike his predecessors, however, Enquist has not updated the story, but set it squarely in antiquity. Only the psychological analyses belong to the present century.

Set in a gloomy abstract setting and dressed in pseudo-antique costumes (by Charlotte Clason), the telling production is by Lone Bastholm, who married the author on the eve of the premiere. Her production must, on that account alone, be taken to be authentic and fully in accord with his wishes. Ghita Norby—whom I always think of as the Diana Rigg of the Royal Theatre—is the ill-used protagonist, who accuses the egotistical Theseus, as she is about to take her own life, of having used her body as a mere physical outlet for his passions. Unrequited love and uncontrollable eroticism, but also personal and social tyranny, contribute to her downfall. In the seduction scene, Miss Norby pulls out all her manifold histrionic stops, unashamed, as she is, to display her feelings, her sadism, her desires, her rebelliousness, and her bodily charms without inhibition.

Niels Vigild gives a convincing portrait of the ascetic, athletic Hippolytus, a bit of a puritan perhaps, but by no means a prude: merely a dissenter against the time-honoured demands of an establishment that is typified by his unyielding father (Ebbe Møller). Though ideally staged, the Danish version is not without some weakness in the casting. A compelling feature is the quasi-pop incidental music, by Kim Sagild and Bo Stief, some of it produced by a synthesizer, planned by Enquist and his director as an integral element of what he conceived as a "*melodrama*" in the true sense of the term.

Arts news in brief

American pianist Stephen Bishop Kovacevich will be joined by a specially formed orchestra of young soloists tonight to perform a Mozart piano concerto and works by Mahler and Richard Strauss to raise funds for Jacqueline Du Pré research fund into mulitiple sclerosis. The concert, conducted by 23-year-old Shell prize winner John Whitfield, is in Christ Church, Spitalfields.

Tickets are £2.50 and £4, available at the door of the church.

*

Marks and Spencer is helping to finance *Plays Umbrella*, a season of new plays by young playwrights which Riverside Studios is presenting from July 9 to August 10.

The plays, by Nicholas Wright, Mustapha Matura, and Tunde Ikoli among others, were originally part funded by the Ministry of Overseas Development to focus on the relationship between Europe and the rest of the world. They fell victim to the Government cuts but the idea has now taken off again.

Riverside has been successful in recent weeks in finding commercial support from IBM to cover some of the costs of its current production of *Julius Caesar* and from Honeywell for its annual open day.

*

The handwritten, full orchestral score of Benjamin Britten's opera, *Gloriana*, valued at £60,000, has been presented to the British Library as a gift to the nation by the executors of the Britten estate and the trustees of the Britten-Pears Foundation.

Gloriana was composed for the Queen's coronation in 1953 and dedicated to her. She has given permission for the gift to the British Library.

*

Actors in rival BBC programmes took nearly half the TV Times Top Ten awards. Readers voted Penelope Keith the most compulsive female TV character for her appearances as Audrey Fforbes-Hamilton in "To The Manor Born." Larry Hagman—J. R. Ewing in "Dallas"—was the most compulsive male TV character. Both are BBC programmes.

Last year's favourite male and female TV personalities, Terry Wogan (BBC) and Anna Ford retained their titles. Robert Hardy of the BBC's "All Creatures Great and Small" was voted the best TV actor

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Economic difficulties, the soaring cost of fuel and the prospect of exhaustion of the world's oil resources, the intensifying international competition for world civil and military aerospace markets will be some of the topics to be discussed.
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Tuesday June 3 1980

The cost of indecision

DESPITE THEIR passionate belief in keeping politics out of business, several Conservative ministers have managed to earn a good deal of antagonism and disdain from businessmen who have found themselves on the wrong end of highly political Government decision-making. Last week's clumsily-handled appointment of a new chairman for the British National Oil Corporation, which led to the immediate resignation of one board member and a good deal of dissension among other managers, was only the latest instalment in a succession of embarrassing rows between Ministers and public sector industrialists.

Vacillation

The controversy surrounding Mr. Philip Shelbourne's appointment to head BNOC arises not because of his lack of experience in the oil industry. The problem is that his appointment is tied in with the political uncertainty about BNOC's future, and the lack of consultation between the BNOC board and government. In two other recent decisions—taxing North Sea Gas and expanding the 7th North Sea licensing round—the Energy Secretary reached the right conclusion in the end and may yet do the same with BNOC. But the delay and vacillation that has surrounded the decision-making has damaged confidence in the government's grasp of these major issues.

The agonised indecisiveness at Sir Keith Joseph's Department of Industry is even more notorious and perhaps more damaging because, unlike Mr. Howell, Sir Keith deals with several industries poised on a knife-edge between collapse and survival. Sir Keith's failure to scotch rumours about a possible carve-up of British Shipbuilders, involving the denationalisation of the naval shipyards, has done nothing but harm. It has damaged moral in an industry which has precious little else to survive on. His inability to decide whether or not to back Inmos with a second tranche of investment may have impaired the chances both of launching Inmos' products in advance of the competition and of safeguarding some of the first tranche of public money already committed to it.

The most disturbing aspect of Minister's indecisiveness is that the frustrating delays are often due not to the inevitable difficulties of making important comercial assessments, but to the problems of balancing ideology against business judgments. Ministers' impulses to second-guess their civil servants, who are already second-guessing each industry's professional managers are exacerbated by the tendency for many business decisions with a "political" content to go up to the Cabinet for approval. The long chain of command, the number of links where uncommercial judgments can creep in, are making the job of managing public-sector businesses at least as frustrating and difficult as under the interventionist Labour Government.

There is as yet precious little evidence that the Government has realised that a non-interventionist policy requires at least as much coherence and clarity of purpose as an industrial policy in which the Government explicitly assumes the burden of decision-making. The numerous members of the Government with business experience should realise that muddles can often be more damaging than clear mistakes. The time-scale on which industry operates is also very different from that of politics. Politicians seem to forget all too easily that business decisions have to be taken, and kept to, for years and sometimes decades ahead.

Stability

Indeed, this is one of the best arguments for reducing the amount of political intervention in industry. But indecisiveness is not a for mof non-intervention. On the contrary, a non-interventionist Government has to take far-reaching decisions quickly, and then stick to them.

Broadly the Government has two options for public sector industries. Either it can pull out altogether and give up all managerial control, even if it retains some financial commitment, as it has in British Petroleum, for example; or it must define a clear framework of managerial structure and economic objectives within which professional management should be allowed to operate with the maximum of discretion. And if this option is adopted, both the structure and the objectives must be workable, realistic and, above all, stable. The present relationship between the public sector industries and the Government conforms to none of these requirements.

Mrs. Gandhi must act

ONE MONTH AGO Mrs. Indira Gandhi was saying: "I am the least powerful head of Government in the world." Today it is a claim which she can no longer make, nor use as an excuse for ducking decisions on the mounting problems of her country.

In Sunday's elections her party won control of eight of the nine states where elections were held. She now controls 13 of India's 22 states, but the statistics understate her power. Of the major states only Tamil Nadu, West Bengal and Kerala are controlled by her opponents. Since January she has had a two-thirds majority in the lower house of parliament. She will shortly regain a majority in the upper house. Every two years state assemblies vote to renew one-third of the upper house. The last elections were due in March, but Mrs. Gandhi postponed them so that she could benefit from the revival of her fortunes.

Striking change

All this is a striking change from the days after the Emergency ended in 1977. Mrs. Gandhi had her back to the wall—and briefly was in prison—as she fought to keep her freedom. But the police and, to some extent, the judiciary have changed their tune. The Janata coalition which crushed Mrs. Gandhi has long since crumbled. During the latest campaign amidst the drought-struck villages it had little to offer but factions in-fighting. Mrs. Gandhi had little to do to win. And, in terms of coming to grips with the problems she inherited, she has done little.

To dismiss her victory by saying that the electorate had no alternative would be to belittle her appeal. As an effective populist leader she has few equals in the Third World. She has confirmed that image in recent months, not least when she nationalised a further six commercial banks. But she has done little to reassure those who remember the excesses of the Emergency. Her dissolution in February of the State governments where elections were held on Sunday shows that she likes all the instruments in the orchestra to play her tune. Now, just as her opponents have had to come to terms with the reality of her power, they also have to face the mounting star of her son, Sanjay.

At present a mere Member of Parliament, he has no state position and no formal party office. But it was he who chose many of the candidates who were elected this weekend. He has already made his mark in a negative way, through holding up policy making and decisions in the areas in which he is interested; these areas include industrial investment. Only 33 years old, he can now be expected to move further into the limelight — a thought which worries those who remember the lack of scruple he has shown in both his political and commercial forays.

Mrs. Gandhi has a formidable list of unfinished business and unresolved problems to tackle. There are five empty seats in her Cabinet which have to be filled. A budget has to be drawn up for presentation on June 18. And some serious decisions have to be taken on the country's long-term planning. The annual growth target of 5 per cent which Mrs. Gandhi sprung on the electorate in April is pure pie in the sky.

Bitter battles

These problems include a dangerous level of political violence, particularly in long-simmering states like Bihar. There is also the agitation in Assam, where student demonstrators have stopped the flow of oil.

Then there are the economic problems of inflation exceeding 20 per cent and of the shrinkage in GNP caused by the drought last year—the worst this century. The oil bill too has risen. Last year the trade deficit was £1.25bn and this year it could exceed £1.7bn. India's reserves are still healthy, but have fallen 10 per cent in the past six months.

In the last four months Mrs. Gandhi has firmly established herself on the international stage—indeed today her Foreign Minister is due to fly to Moscow to talk about Afghanistan and next week she is sending senior officials to Peking. But she has done little to convince people that she is prepared to tackle her problems at home. She should do so now.

Californian scepticism about tax-cutting panaceas

BY JUREK MARTIN IN SAN FRANCISCO

TWO YEARS ago, the voters of California sent a message that was heard round the world. Coming on a piece of paper known as Proposition 13, it told governments, big and small, that if they did not cut taxes people would take matters into their own hands. An unlikely apostle was even created in the person of Howard Jarvis, an ancient, if indefatigable, right-wing, curmudgeon who carried his epigrammatic bible to the four corners of the globe.

Today, if all available evidence is to be believed, the voters of California will prescribe limits to the taxpayers' revolt. Proposition nine—variously known as "son of 13," "Jarvis two" and irreverently after its author, "Jaws Two"—would cut state income taxes in half and remove an estimated $4.9bn from the state's revenues.

Earlier this year, it stood a good chance of passage; now it trails by 20 points and more in the local polls and its creator seems on the verge of praying for a miracle to avoid defeat.

Typically, today's election in California presents citizens of the state with the usual bewildering array of personalities and issues on which to pass judgment. They will obviously crown their native son, Mr. Ronald Reagan, as Presidential nominee of the Republican Party, but he is without opposition: they could conceivably give Senator Edward Kennedy a flickering hope of denying the Democratic prize to President Carter, but neither candidate grips the attention. Down in San Diego, they may elect the imperial wizard of the Ku Klux Klan as the Democratic candidate for the U.S. Congress; in Santa Cruz on the coast, they will try and stop Lockheed from building parts for the Trident nuclear missile.

State-wide, they may opt to enact a 10 per cent surtax on oil company profits to fund mass transportation and to pass a rent control initiative, sponsored by landlords, which has the express intent of making rent control next to impossible to put into practice. But, above all, the nation's eyes will be focused on what happens to Proposition Nine.

Parochial though some of the issues and personalities inherently are, the Californian judgment nevertheless often carries beyond its boundaries. The biggest state in the union—were it a separate country, its gross domestic product would make it the eighth or ninth largest nation in the world—California either sets trends for the rest of the country (certainly it never follows them) or, quite simply, it is sometimes freakishly different Proposition 13 was the classic recent example of the former role; its current fad—the "pyramid game," just like the chain letter scheme of childhood except that players put in $1,000 instead of sending off post cards and vainly expect riches not an avalanche of correspondence in return— is, hopefully, proof of the latter.

Opposing camps or an unholy alliance? Mr. Howard Jarvis, instigator of the California tax cuts (left); Jane Fonda and her husband Tom Hayden.

Proposition 9 is simple enough on paper: it would cut state income taxes in half from the current range of 1 to 11 per cent to ½ to 5½ per cent. This could have the typical wage earner about $300, but he would have to pay more federal income tax because state taxes are deducted from the federal levy. It would also index state taxes to the rate of inflation, though this is something of a side issue since California is already practising temporary full indexation this year and next and could presumably always make it permanent.

The attractions of Mr. Jarvis's latest scheme are obvious. Proposition 13 did not bring the state to its knees, as its opponents warned it might. The cushion of the $6bn state surplus in 1978 helped, but it is even possible to argue, a little mischievously, that Proposition 13 served as a classic Keynesian stimulant tax cut in that it did stir spending and investment and thus maintain state revenues. Over he past two years, the state economy has out-performed the national average—both in growth and, once the immediate effects of the cut in taxes had passed, in inflation.

In the 12-month span to the end of April, California's consumer price index went up by 17.7 per cent compared with 14.7 per cent nationally, largely because of the great local weight given to interest and to the cost of petrol. Though affected by the current recession (unemployment jumped from 6 to 7.1 per cent last month) the Californian economy with its diversified underpinnings in the services, high technology and aerospace sectors, will, in the opinion of Dr. Raymond Jallow, chief economist for the United California Bank, still achieve some real growth in 1980. Moreover, the state continues to sit on a budget surplus, generally estimated at roughly $2.5bn, a tempting target for those who believe that the economies forced on the state government by Proposition 13 ware managed without excessive pain and social disruption.

The likely failure of Proposition Nine, owes at least something to the passage of time. There are signs that Mr. Jarvis, its author, and it sometimes seems, its only advocate, is beginning to bore the Californian public with his endless repetition of the same theme. Certainly he has not attracted the funding for his campaign that he got for Proposition 13 and over the weekend had to appeal for free TV time to carry on the fight.

In 1980, the opposition to the new Jarvis proposition is much better organised than in 1978, particularly the local government associations. They have made much of the apparent inequity in slashing income taxes in arguing that the top 4 per cent of California's wage-earners would reap 40 per cent of the dollar savings—though as Dr. Jallow points out, in percentage if not in dollar terms, the average Californian would benefit just as much. But in 1978 all Californian home owners were reeling under sharp increases in property taxes. Perhaps more generally the feeling may be discerned that, particularly in straitened economic times, government should not be stripped of too many of its anti-recessionary tools and services. On a more sophisticated level, it is argued that indexation of taxes will in any case tend to reduce the state surplus and therefore the ability to meet sudden exigencies.

Tha fate of Proposition 11, which would impose the 10 per cent levy on oil company profits and use the estimated $320m to $400m annual return to fund mass transport and research into alternative energy, is also being keenly watched outside California. It is, in a rather pure form, a guage of public sentiment about tha oil industry, at a time of rising petrol prices and healthy oil company profits, and the industry has not been slow to appreciate the dangers.

According to recent state figures, with nearly two weeks to go before polling, opposition to Proposition 11 had raised $4.4m (about $4m from the oil companies alone) while its advocates, led by Bill Press, former aide to Governor Brown, had drummed up only $275,000. The $5 a head appeal from one side contrasted rather pointedly with the $978,000 that Standard Oil of California alone had forked out.

The debate has also become pretty savage, as it has on Proposition 10, the artfully drafted "rent control" initiative, in which the fund raising imbalance is even more stark ($4.9m for the landlords, versus $49,000 for the opposition). In both instances the anti-corporata forces are essentially contrasting affluence with deprivation; in their TV advertisements, they portray "big oil" as "pig oil," replete with pictures of swine feeding at the trough; they also, in Proposition 11, use xenophobia: "Shell oil" a TV commercial intones, "is foreign owned and would put foreign workers onto offshore rigs."

For its part, both the housing and oil industries are suggesting the opposition is playing into the hands of that notorious revolutionary, Jane Fonda, the actress and her husband, Tom Hayden, who in Californian terms is almost as celebrated as his wife, both for his old radical activism and for his current role as a leader of the Democratic Party's left wing.

More seriously, Proposition 11 may be seen as yet another example of individual states seeking to take unilateral action in the area of taxation where the division between state and federal authority is murky. Comparison between it and the controversial unitary system of taxation employed by California on the world wide earnings of foreign companies immediately springs to mind. It is likely that if Proposition 11 passes it will be challenged in court; but by the same token, if it passes other states may be emboldened to try their own approach.

The sum of the above is almost to suggest that California is currently in one of its more iconoclastic moods, with, as it were, Mr. Jarvis and Mr. Hayden unholy, if incompatible allies against the Establishment hydra. That the Long Beach police were obliged to interrupt an illegal "pyramid party" on the Queen Mary, of all places, constitutes another perverse affront to the old order.

So, too, on a political level, is the undeniable fact that at this early stage of the game, Congressman John Anderson has so much support here for his independent candidacy. The latest Mervyn Field poll gives him 26 per cent in the state—6 per cent more than in April—against only 28 per cent for Mr. Carter and 39 per cent for Mr. Reagan. Traditionally, independent candidates lose ground as the two party nominees come to grips with each other but Mr. Anderson may have mora of a market in California than in most other parts of the country. His name is still on the Republican ballots today—though he has not campaigned—and readers of the runes will be looking at his percentage with care.

But the converse could also be true. When the votes are counted tonight, the state may turn out to have been appallingly predictable, even mature in its judgments.

After all, California is not always in search of the new; it does have some traditions. As the Jackson High School marching band strode in full regalia down the streets of the old gold-mining town of Sutter Creek, in the foothills of the Sierra Nevada, 120 miles east of here, hotly pursued by the horsemen of the Kit Carson Mountain Men in brilliant sunshine on Sunday morning, they were taking part in an ancient ceremony—the Italian Picnic Parade, celebrating its 99th anniversary. The missing half year is lost in the recesses of Californian antiquity.

TODAY'S ELECTION IN CALIFORNIA

CALIFORNIA'S Secretary of State is predicting that 69.5 per cent of the 10.6m eligibla voters will participate in today's elections.

In the presidential primaries, Mr. Ronald Reagan is in effect unopposed on the Republican side, though the names of John Anderson, George Bush and others appear on the ballot. He is bound to win all the state's 168 Republican convention delegates in what is a winner-take-all primary.

President Carter and Senator Kennedy are in a close race for the 306 Democratic convention delegates, which will be awarded in proportion to the popular vote. Mr. Carter's share, combined with what he wins in seven other primaries today, is bound to give him more than the 1.666 votes he needs for the party's nomination. But Senator Kennedy is saying that if he beats the President today he will carry his fight to the convention in August.

Senator Alan Cranston, Democratic majority whip, is expected to win his primary easily and to go on to beat whoever the Republicans select in their primary.

There are 11 State-wide initiatives, known as propositions, mostly dealing with local financial matters. The most important are:

- Proposition 9—Cutting State income taxes in half at a cost of $4.9bn in lost State revenues.
- Proposition 10—Making it more difficult for local governments to enact rent control laws.
- Proposition 11—Levying a 10 per cent surtax on the oil companies, and using the proceeds for mass transportation and research into renewable energy resources.

There are countless local referenda and political primaries.

MEN AND MATTERS

Southern discomfort

Some 200 of the world's leading commercial and central bankers were sweating it out in New Orleans yesterday asking themselves why the annual International Monetary Conference (IMC) seems always to be held in mid-summer in broiling sub-tropical heat.

Every year the IMC brings together top banking executives like David Rockefeller of Chase Manhattan, Lord Armstrong of the Midland and Wilfried Guth of Deutschebank, along with central bankers like Paul Volcker of the Federal Reserve and Abdul Aziz Al Quaraishi, Governor of the Saudi Arabian Monetary Agency. It is held alternately in the Eastern and Western hemisphere. The last western meeting was in June 1978 in Mexico City.

This year, at least, chauvinism lies behind the choice of hot spots. The president of the IMC this year is Jean-Maxime Leveque, chairman of Credit Commercial de France, who wanted a distinctly gallic atmosphere for this high spot of his presidential season. That ruled out the first choice of Philadelphia, leaving New Orleans in Louisiana, the state Napoleon sold to the U.S. in 1803 for $15m.

Lost convoy

South Africa's military machine is a source of considerable pride to the country's embattled regime, facing as it does an international arms boycott. Periodically new weapons and equipment, locally manufactured, are paraded for public inspection.

The biggest show to date was intended for Republic Day late last week, when massed ranks of military ironmongery were prepared for display in 11 major cities. How frustrating, then, far the crowds waiting in Johannesburg, to be told the show was off. The biggest convoy of all, for the biggest city parade, got lost. Diverted to avoid rush-hour traffic, it never found its way back to the city. "this sort of foul-up public," the military announced later," that this sort of foul-up is not an everyday occurrence."

"... and all who subsidise her"

Book press

Booklovers watching The Risk Business on BBC 1 were recently enlightened in fascinating detail on "the hype"—the poker game in which publishers outbid each other to secure the rights to often-unknown books in the hope that the publicity generated will raise tha new titla from obscurity. Now the man who explained this ritual, Anthony Cheetham, managing director of MacDonald Futura, has been asked by his staff to fill out a 43-point questionnaire about his own company's business style, and those of its parent, BPC.

The probings are prompted by a circular announcing proposals to reduce the 150-strong workforce by 15—a plan which came as a shock to the staff of one of the brightest stars in tho troubled publishing trade. "We are suffering from the same pressures as all other businesses," Chaetham told me sharply. High interest rates and the strength of the pound abroad have been particularly damaging to the company which exports about 40 per cent of its books.

Still, not all is blackness. The subject of a current hype—The Flowers of the Field—is responding true to form. It is the top-selling hardback on W. H. Smith's shelves at present, and Cheetham, I hear, plans a 250.000 print run when it comes out in paperback.

Digging in

Considering that it plans to spend about £250,000 ponching 10 holes in a Welsh hillside, Anglo Canadian Exploration does not sound overwhelmingly optimistic about what it may find at the bottom of the said excavations. "I think we shall probably find enough gold to maka a royal wedding ring," aays ACE's London spokesman.

There is, of course, much more to it than that. The area around Ogofau, or Roman Deep, in Carmarthenshire, is rich in the tunnels and trenches left by the miners, geologists and crack-pots who have dug for gold on and off since Roman times.

The metal is undoubtedly there, and ACE, in partnership with Anglo Dominion Gold Exploration, has three years left on a 10-year licence issued by the Crown in which to find it. The company began rummaging around the area in great secrecy during the early 1970s, turning over rocks which had been undisturbed since the last prospectors cleared out in 1938.

In 1974, with gold around $150 an ounce and enough evidence to justify bringing in the drillers, it laid plans to start "in-depth" probings. Then came trouble. First, the National Trust which protects the landscape, refused to allow work on its land. And the lid was put on the project when the gold price slumped at a time when ACE's parent, Quebec Sturgeon River Mines, was deeply involved in financing costly searches for the yellow metal in Canada.

"There was no money to spare for Wales while we were trying to keep the ship afloat at home," the company says. There has, however, been enough small change coming across the Atlantic to keep exploration ticking over, mainly through the student and post-graduate geologists from University College, Cardiff. To this team goes the honour of launching the first serious attempt in 42 years to find treasures left by the Romans.

Wine, women . . .

Green's cellarman and cigar supplier to the City's board-room diners, has opened one of the most expensive and exclusive pubs in the Square Mile. Costly because the bar sells mostly champagne at between £7.50 and £26.55 a bottle (humbler wines at £3.60), it is exclusive in the broadest sense in that there is room in the place for only 25 drinkers—or one person swinging a cat.

Formerly an off-licence in Royal Exchange, The Greenhouse is now gathering favour, particularly among lunchtime refugees from nearby discount houses. "A pattern is emerging," says partner Richard Parsons. "I suppose it is bound to become a clubby sort of place." Clubby indeed, as he showed me round, Parsons was button-holed through the Press and told forcibly: "You will have to stop women drinking at the bar. They take up too much damned space."

and fighting talk

In a similar vein, a conversation from a London club:

"Do you believe in clubs for women?"

"Well, yes, but only if gentler methods fail."

Observer

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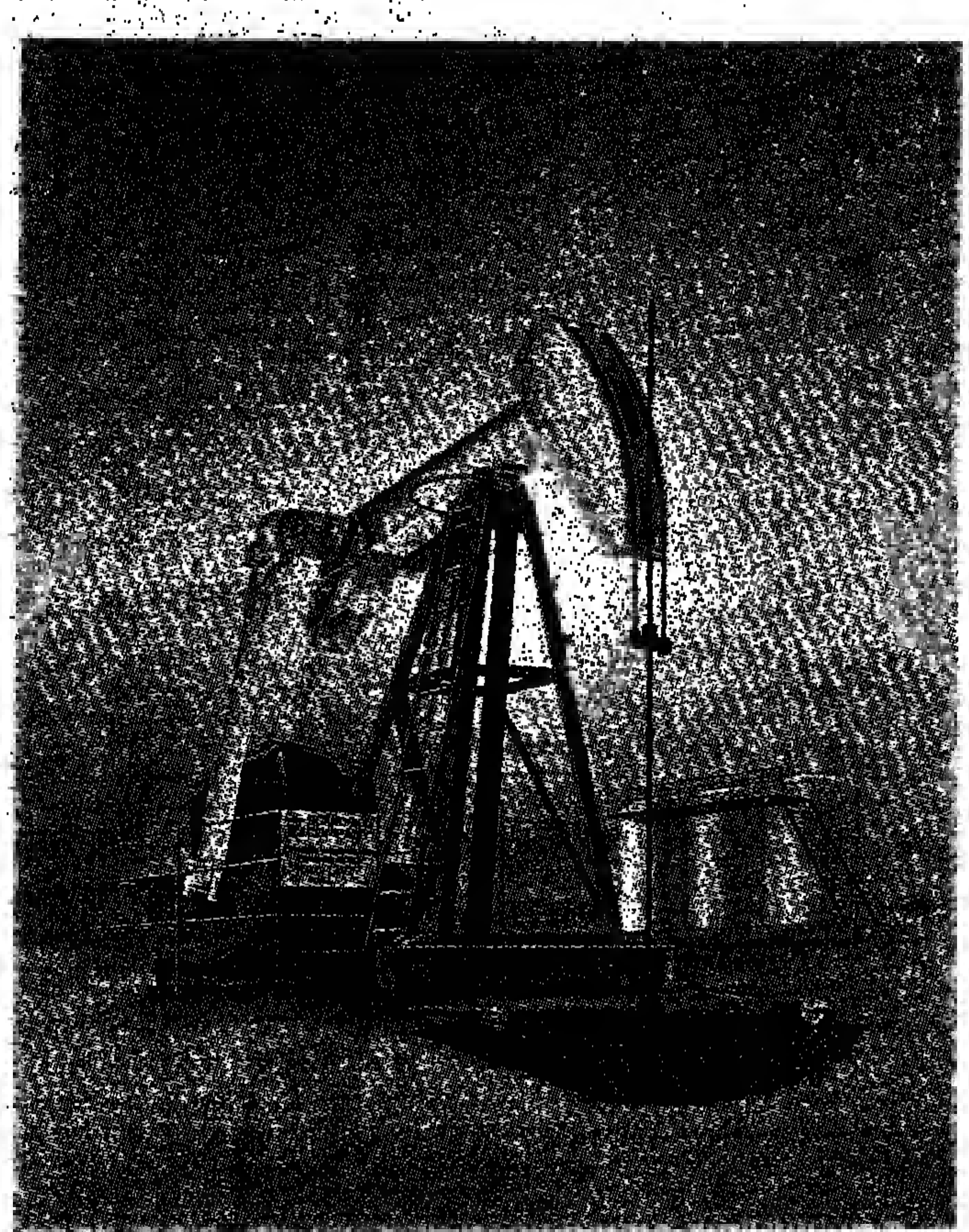
FINANCIAL TIMES SURVEY

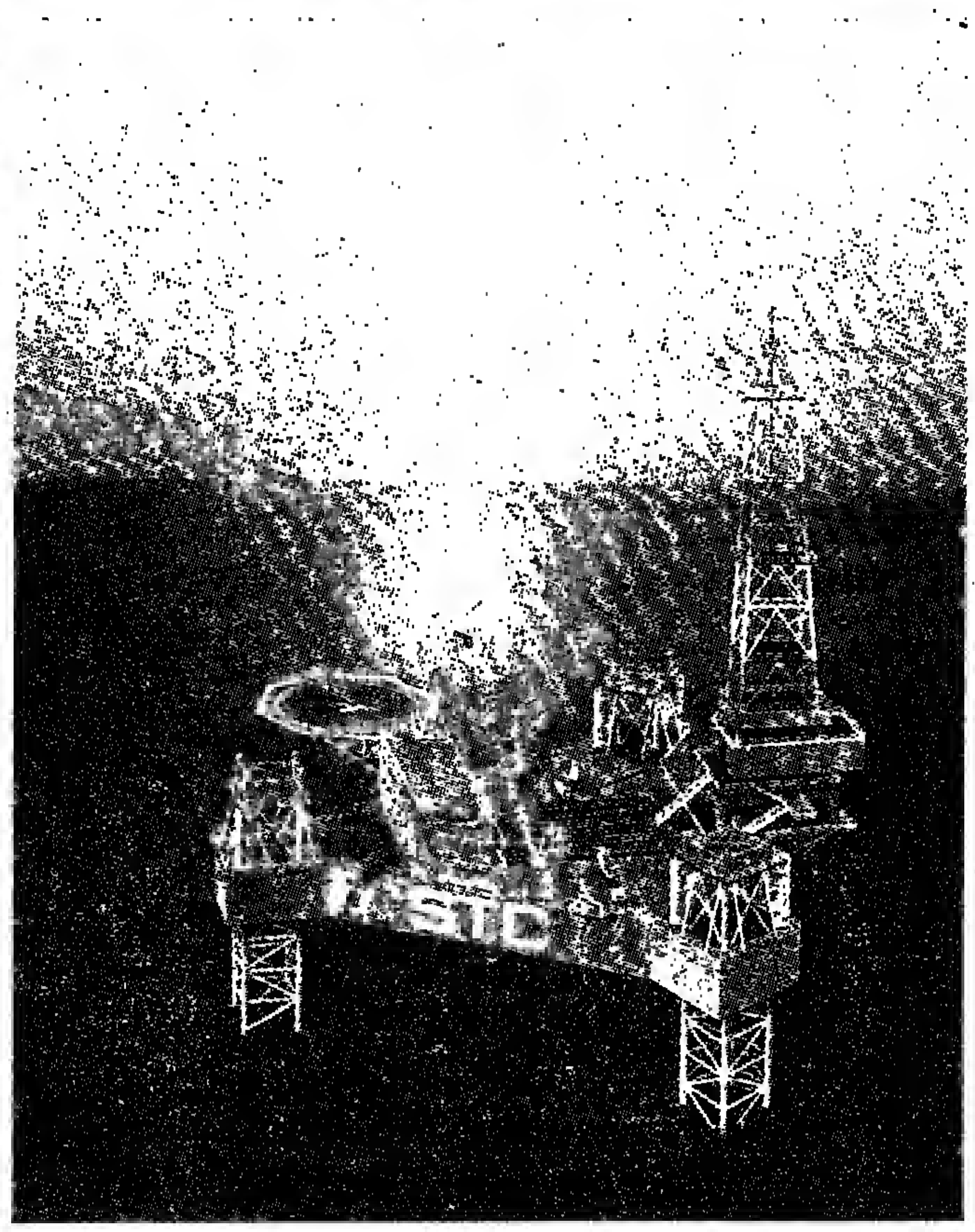
Tuesday June 3 1980

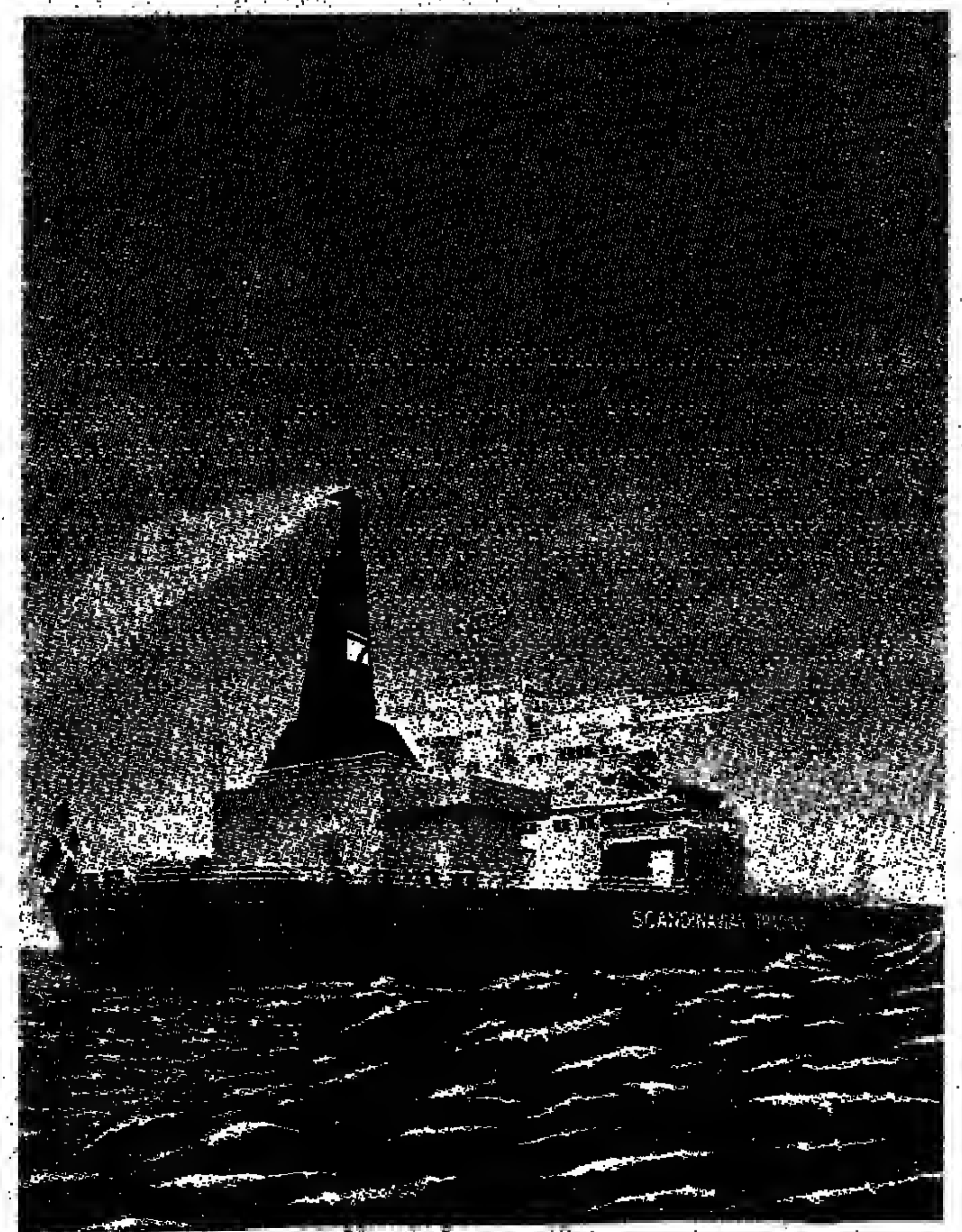
WORLD OIL INDUSTRY

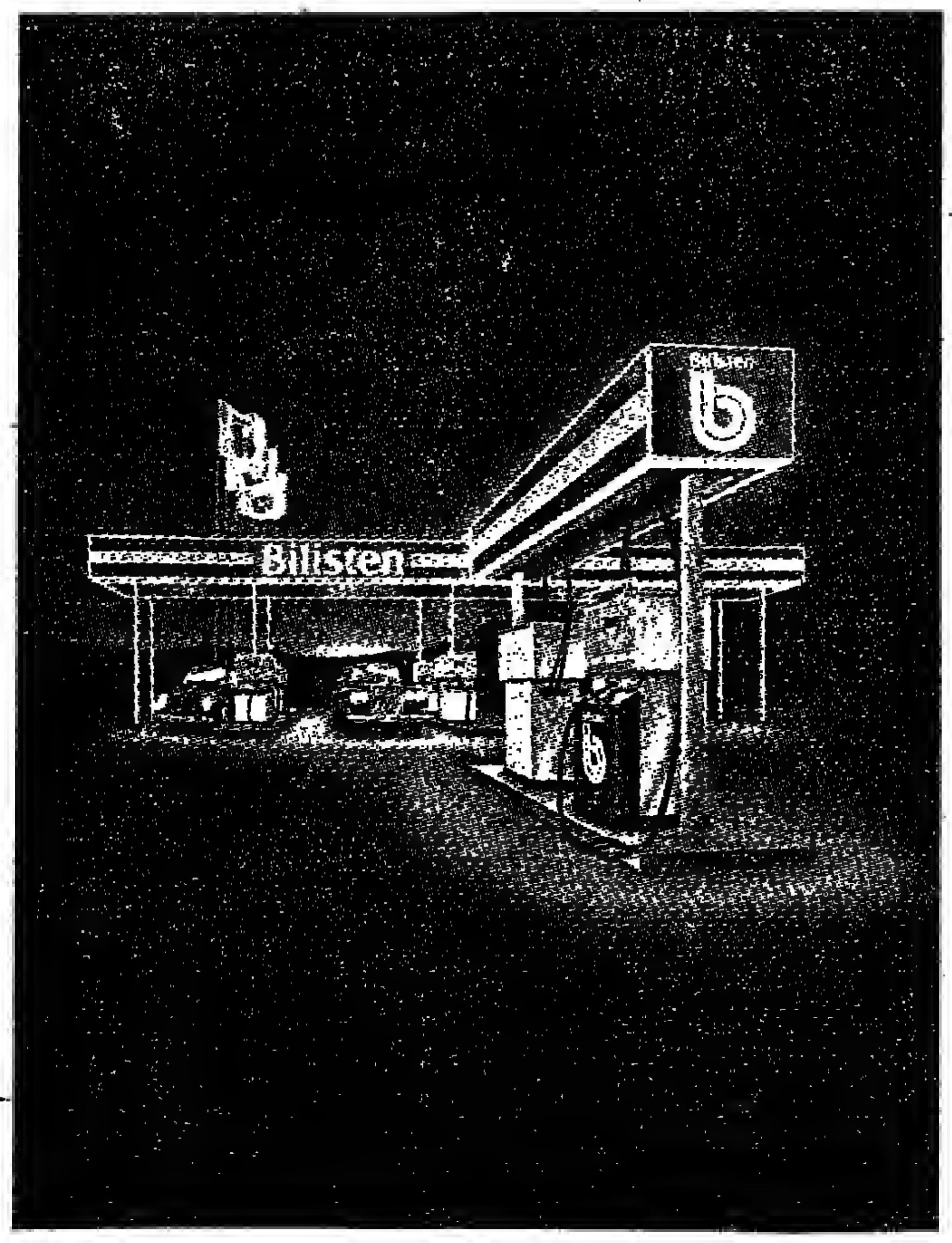
Although oil supplies appear to be more than adequate to meet the current, depressed demand, there is a general acceptance that the oil flow could be interrupted again. Meanwhile, exploration for new finds continues, on and offshore, to increase the sources of supply.

The Swedes









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FINANCIAL TIMES SURVEY

Tuesday June 3rd 1980

Energy management is the goal

The West has heeded OPEC'S warning that oil cannot be used in the profligate ways of the past. Europe's energy Ministers have set themselves a 10-year plan to reduce consumption. But there could be more oil yet to be extracted from the earth than the pessimists believe.

Prices spiral still a burden

By Ray Dafter
Energy Editor

A RATIONAL analysis of the world's oil supply and demand balance would lead to the conclusion that consumers would now be feeling reasonably comfortable—hopeful that there would be more than enough fuel to meet their needs this summer and the coming winter. On this basis it would also be reasonable to expect some respite from the relentless spiralling of prices, so evident in the past 18 months.

The fact that none of this is happening is evidence of the fragility of oil supplies, in particular those from members of the Organisation of Petroleum Exporting Countries. The fact that prices have just risen again—this time by about $2 a barrel—in spite of a slack market demonstrates that OPEC oil is as much a political weapon as an economic commodity.

So it is not surprising that major oil-consuming countries, especially those in Western Europe, the U.S. and Japan, will be looking anxiously towards Algiers early next week when Ministers from OPEC meet to discuss production strategies and pricing plans.

Once again Saudi Arabia is expected to carry the banner of the moderates. It will probably try yet again to restore some order to the now chaotic tariff structure which sees one country (Algeria) effectively charging $38.21 a barrel—including a $3 a barrel refundable exploration fee—and another (Saudi Arabia) content with $28 a barrel for its light "marker" crude.

Before the Iranian crisis in late 1978 that "marker" crude was a pricing reference point; the tariffs for other crudes were set around it according to their quality, impurities and closeness to consuming countries. This was how it was in December 1978 when Saudi Light crude was priced at $12.70: Iranian Light was $12.81: and Libyan Zueitina crude was costing $13.90.

Since the end of 1978, some countries have raised prices no fewer than 13 times. And as time has passed, so the tariff system has fallen into greater disarray. Iran is now seeking more than $37 a barrel for some of its oil, although Royal Dutch/Shell, British Petroleum and a number of Japanese companies have been resisting buying at such high prices. Libyan Zueitina oil now has a price tag of $36.72.

Implications

These increases, approaching 200 per cent in some cases, are fuelling worldwide inflation and aggravating the generally depressed economic conditions. Mr. John Sawhill, the U.S. Deputy Secretary of Energy, last month reviewed some of the implications for the U.S., the world's major oil importer. He pointed out — a few days before the latest wave of price increases — that the U.S. would pay some $90bn for imported oil this year.

"If we continue to spend at that rate, in just 12 years we will have exported cash equal to the trading value of all stocks listed on the New York Stock Exchange, well over $1,000bn."

The U.S. Administration, aware that a large part of the West's transfer of wealth to OPEC nations is coming out of American pockets, has been campaigning within the International Energy Agency for tougher oil import targets. The move is seen by some of the other 21 IEA member countries as an attempt to lay the foundations for stiffer energy measures to be presented back home, in the U.S. Congress.

As Saudi Arabia—the world's major oil exporter—has so far failed to bring about pricing unity within OPEC, the U.S.—the most oil-thirsty importer—has failed to win import target agreement within the IEA. Even so IEA ministers moved some way towards the U.S. position when they met in Paris on May 22.

The countries agreed to take energy management steps that would enable them to "substantially undershoot" the 1985 import ceiling of 26.2m barrels a day fixed last December. A communique from the Ministers said that it might be possible to take as much as 4m b/d less oil. However, this is not a firm target, as the U.S. would have liked.

Estimates within the IEA, which represents all the leading oil consuming nations except France, indicate that OPEC production in 1985 and 1990 might be no more than in 1979. Last year OPEC accounted for about 31m-32m b/d of the more than 51m b/d produced in non-Communist countries. IEA officials are concerned that if they are right the West could face a potential shortage of up to 5m b/d by the end of the decade.

Signals

The world has been shunted on to a new energy track on which high prices and supply uncertainties are leading to the development of non-oil energy sources, greater fuel efficiency and much lower economic growth than hitherto.

Recognising these signals, the IEA see measures now being taken reducing the ratio between economic growth and energy growth.

For instance, in the eight years to 1973 energy demand was increasing at an annual rate of 5.2 per cent while the gross national product of industrial nations was increasing at 4.7 *per cent a year*—a ratio of 1.1:1. An analysis within the IEA secretariat suggests that the present ratio is a little above 0.8:1, in itself a significant improvement on pre-crises days.

By the end of the decade, Ministers hope that the ratio will be down to about 0.6:1. (Ministers within the European Community recently set themselves a 10-year target of reducing the Common Market's ratio to 0.7:1, or less.)

Ambitious

Again, taking the IEA countries as an example, it is expected that by 1990, oil will account for only 40 per cent of primary energy consumption as against 52 per cent at present.

These expectations are somewhat more ambitious than the energy projections recently published by Exxon, the world's biggest oil corporation. Exxon reckons that oil's share of non-Communist world energy in 1990 will be about 45 per cent. By the end of the century oil's share could have dropped to 37 per cent.

British Petroleum has sounded recent warnings about such projections. Mr. Christophor Laidlaw, a deputy chairman of the London-based company, told an Amsterdam conference on May 23 that if there were no improvements in energy efficiency, fuel requirements by the non-Communist world by the year 2000 would approach 200m barrels a day of oil equivalent. Oil would not be able to provide more than 25 per cent of that demand: 50m b/d—roughly the present level of output.

The leaders of major oil exporting countries can read various signals in such projections and strategies. These are:

● The West has heeded OPEC's warnings that oil cannot be exploited in the profligate manner of the past. This is demonstrated by changes in the ratio of energy growth to economic growth. It is also reflected in oil's lessening share of the overall energy market. Conservation, whether voluntary or brought about by economic conditions, is beginning to have a significant impact.

● Higher prices are encouraging Governments and companies to develop synthetic fuels that can replace oil and natural gas, just as OPEC leaders had hoped. According to Exxon the worldwide supply of synthetics could grow by 25.7 per cent in the period 1978-1990 and by 14.0 per cent in the following decade. Oil supply, by comparison, could rise by only 1.1 per cent between 1978 and 1990 and 0.3 per cent in the 1990s.

● The need to stretch the world's remaining oil resources, to spin out the timespan over which they can be exploited, has been recognised and accepted in the West. This could be good for the industry which, a few years ago, saw the prospect of world oil production peaking in the 1990s then going into rapid decline.

Bearing all these factors in mind western oil consumers are entitled to ask when OPEC will restore stability to the world's crude oil market. And now that the organisation's members have successfully imposed a new value on crude oil — with high prices in line with those needed for alternative fuels — cannot market forces be allowed to play their part once again?

All eyes will be on Algiers next week to see whether OPEC ministers feel able to provide the answers.

THE WORLD'S PROVED RESERVES OF OIL
(bn barrels)

Year ending	1970	1974	1979
Canada	10.4	8.8	8.5
U.S.	46.7	40.6	32.0
Latin America	24.0	29.3	58.0
Western Europe	5.5	15.7	23.4
Middle East	304.4	352.7	365.7
Africa	47.6	63.6	58.5
Asia (excluding Middle East)	12.6	16.2	17.2
Australia and New Zealand	2.2	2.4	2.2
World excluding Centrally Planned Economy countries	453.4	529.3	565.5
Centrally Planned Economy countries	100.3	109.4	90.0
TOTAL WORLD	553.7	638.7	655.5

Source: Oil and Energy Trends Statistical 1980 Review; Energy Economics Research; May, 1980.

CONTENTS

ON OTHER PAGES:

Europe acts to trim demand

ENERGY MINISTERS of Common Market countries have just set themselves a 10-year programme aimed at more rational energy policies. At the heart of a new plan, agreed last month, the European Community intends to reduce oil consumption to a level equal to—or lower than—40 per cent of gross primary energy consumption.

This compares with about 50 per cent within the EEC at present and around 53 per cent in non-Communist countries as a whole.

Some of this saving should be achieved by reducing the amount of oil burned in power stations. The EEC hopes that by 1990 it will see electricity generation fuelled at least 70 per cent from non-oil sources.

Of course, it is a shame that oil, a premium, finite fuel, is used in power stations at all. This view is obviously held by the French and German Governments. France expects that by 1990 oil will be providing only 4.6 per cent of its electricity generation fuel; Germany is aiming for even a lower contribution—3.7 per cent at the last count.

On the other hand Ireland and Italy are finding it harder to convert power plants: their dependence on power generation oil could still be 49.1 per cent and 44.7 per cent respectively.

Another move taken by EEC ministers was an agreement to limit overall energy growth to 70 per cent or less of the growth in gross domestic product. This ratio, recognised by analysts as being achieveable on a worldwide basis, is in marked contrast to the state of affairs before the first energy crisis in 1973.

In the previous eight years the GNP of industrial nations rose at an annual rate of 4.7 per cent while energy demand increased by 5.2 per cent a year.

Quantum leaps

The steps taken by the EEC ministers highlight what is happening to energy demand, and oil consumption in particular, throughout the world. Past forecasts of energy trends now look ridiculous in the wake of two oil crises and quantum leaps in fuel prices. The experience of Exxon, the world's largest energy corporation, illustrates this fact.

In 1973 the company was projecting that by 1985 the energy demand in non-Communist areas would rise to the equivalent of 162m barrels a day of oil. When making its forecast two years later Exxon trimmed the 1985 expected demand to a little more than 130m b/d of oil equivalent (bdoe).

The latest projections, published in December puts the mid-1980s level of demand at no more than 110 to 115m bdoe. *From these figures it is* seen that non-Communist countries will be using some 50m bdoe less than expected, a "saving" roughly in line with the current level of energy consumption in the U.S., Canada and Japan combined.

The bulk of this reduced demand is not a saving in the sense of conservation. It has been caused by a lack of *economic activity*. The question remains: What will happen to oil consumption when, perhaps beginning next year, non-OPEC countries resume a path of economic growth? British Petroleum, in a report published last autumn, stated that three conditions would have to be met:

● Acceleration of improvements in energy efficiency, particularly in the use of oil.

● Stimulus to non-OPEC oil exploration and production wherever technical prospects are good.

● Stable and minimal demand on OPEC discretionary oil — crude that the countries did not have to produce in their own economic interests.

The report — "Oil Crisis . . . Again?" — prepared by BP's policy review unit, shows that if the above conditions are met, and if consumers quickly switched to alternative fuels, in 1995 the non-Communist world could get by with about as much oil as present. By the turn of the century the demand might even be less, say between 42m and 48m barrels a day.

On the other hand if oil demand rose by 3 per cent a year from now on (a growth rate less than half the pre-1973 trend) the world could soon be in trouble. At present non-Communist world oil consumption is running at about 49m b/d, according to UK stockbrokers Wood, Mackenzie. This demand is being met from OPEC supplies (27.2m b/d); non-OPEC production, such as Mexico, Alaska and the North Sea (21m b/d) and Eastern bloc exports (more than 1m b/d).

BP shows that if demand rises by 3 per cent from this level shortages could begin to bite within five years, even assuming that Saudi Arabia and other OPEC producers are willing to increase output. Obviously this cannot be relied upon.

The International Energy Agency, in a report which served as the basis for ministerial talks in Paris on May 22, shows that OPEC output will be much less than expected throughout the 1980s. What was expected to be a manageable oil market, at least until the latter part of the decade, would now be tight; OPEC production might not be more than in 1979 when it totalled 31.6m b/d.

Given an annual economic growth rate of 3.3 per cent for IEA member countries from 1980 to 1985, the Western industrialised nations could find themselves facing a shortfall in oil supplies of a little over 2m b/d by the mid-1980s. By the end of the decade there could be a gap of 5m b/d between demand and supplies.

The oil market, like nature, abhors a vacuum. The gap will never occur. Either OPEC increases its production level—an unlikely prospect in the current climate—or consumers reduce (or are forced to reduce by economic conditions) their demand for oil.

The IEA is attempting to stave off problems by imposing tougher import targets. The implication is that countries now reliant on OPEC oil must do more to promote conservation, the non-OPEC production of oil and gas, and the switch to other fuels.

On the day when IEA ministers were meeting Mr. Christophor Laidlaw, deputy chairman of British Petroleum, was presenting the unpleasant alternative at the second European Oil and Gas Conference in Amsterdam.

He said: "We must all remember that there is indeed another solution—a world of no growth, where falling production required less energy but progress stops. The energy sickness is cured but the patient is crippled for life."

Ray Dafter

Reserves: enough to last

THE ENERGY crisis of the 1970s and the resulting uncertainties about future fuel supplies have led to a general awareness that oil is a finite resource. It cannot continue to meet the world's growing energy needs.

However, the same events and uncertainties have created a false impression among many—including political leaders and energy industry executives.—about the long-term future for oil. Listen to some of the prophets of doom and you would think that a new Dark Age is around the corner; that within a matter of decades we will see lights going out and the combustion engine spluttering to a halt. There is a surprisingly widely-held view that oil will run out in the next 20 years or so.

You had only to listen to Sir Derek Ezra, chairman of of Britain's National Coal Board speaking at an energy conference in Montreux, Switzerland, a couple of weeks ago. Within the next two decades, he said, UK coal would be providing petrol for motorists, jet fuel for aircraft and feedstocks for chemical plants.

Coal can, and should, displace the use of oil for a number of uses such as heat generation and steam raising. But there is no reason why oil as a resource should *not be around for* decades to meet the needs of those premium, liquid fuel markets.

How much oil is there? Since a railway conductor, Co. Edwin L. Drake, drilled the first successful oil well in Pennsylvania, in 1859, the world has consumed about 450bn barrels of the "black gold."

Proven reserves — oil that companies know* they can exploit — stand at about 655bn barrels, according to Energy Economics Research. The Oil and Gas Journal, which annually assesses reserves and production capability, is somewhat more cautious, estimating proved reserves to be 640bn barrels.

Taking the mid-point of these estimates and the average oil production levels over the *first* quarter of this year (62.2m b/d), it can be seen that, in theory, there are sufficient proved oil reserves to meet the current level of production for the next 28½ years.

This estimate should be viewed with caution, however. Middle East countries control almost 56 per cent of the world's proven reserves. Their policies in recent years have shown that they are unwilling to deplete them (for many of these countries their only real resource) quickly just to meet the needs of the West.

Consequently, we find that the Midle East is now providing only a third of the supplies (20.4m b/d in March as against a worldwide production level of 61.8m b/d).

At the same time there must be doubts that *Communist* countries can continue to modestly help the West with supplies. In the spring these producers — mainly the Soviet Union — were accounting for one fifth of total world oil output; their share of proven reserves is only 13.7 per cent.

Consensus

But there is much more oil *still* to be discovered, probably as much as has been found so far, and quite possibly considerably more. The consensus view within the oil industry is that the world may originally have possessed about 2,000bn barrels of recoverable oil. (This estimate does not include oil that will be left in the ground after production operations; neither does it include the large amounts of *oil trapped* in tar sands and oil shales.

On the basis of oil reserves already proven and deposits that have still to be discovered, it is possible to show that the world still has enough crude oil—on the above assumptions—to meet the current level of demand for about 68 years.

Nevertheless, it is possible to *streach recoverable* reserves beyond those contained in the consensus view. Higher oil prices are encouraging companies to search for and exploit difficult-to-get-at deposits, ignored in the past. They are looking for smaller reservoirs. And they are drilling new wells in old fields to see if there is any oil trapped in rocks above or below the known reservoirs. In many cases they have been pleasantly surprised. British Gas/BP's Wytch Field in Dorset is a case in point.

Increasingly, companies are also employing enhanced recovery techniques to tease a higher proportion of the original oil out of the reservoir. In this way the overall recovery factor—currently on average between 25 and 35 per cent of the oil-in-place—is being raised.

New recovery practices could push the recovery rate to 40-45 per cent, much higher in some of the most attractive oil fields.

But the stretching of reserves does not stop there. The world contains vast deposits of expensive-to-produce heavy oil, tar sands and shale oil. British Petroleum, in one of its briefing papers, conservatively estimated that companies might eventually extract 400bn barrels of heavy oil and tar sands and 200bn barrels of shale oil.

Adding together all of these resources — conventional oil, crude extracted by means of enhanced recovery, and unconventional oil—it is possible to demonstrate that eventually more than 3,000bn barrels will be recovered.

* Scraping the *Barrel: the* Worldwide Potential for Enhanced Oil Recovery, Ray Dafter, Financial Times Management Report, £72 UK or $165 overseas.

Ray Dafter

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WORLD OIL INDUSTRY III

Exploration drive at a peak

INTERNATIONAL exploration activity is at an almost unprecedented level as companies strive to lessen their reliance on Middle East oil exporters.

The exploration drive, spurred on by rising prices and improving seismic techniques, is putting a tight squeeze on the availability of drilling rigs. Charter rates have risen to record levels while the mobil rig construction programme, which dropped dramatically between 1975 and the end of 1977, is rising at a pace.

Exploration starts with seismic work. Companies involved in this field report boom activities; very few prospective areas are seeing a decline in seismic work, some are witnessing spectacular increases.

For instance, China, which has dubbed energy as a priority economic sector, has attracted dozens of oil companies, of all shapes and sizes, to carry out initial seismic exploration work in its offshore waters. Millions of dollars have been poured into this operation by the companies in the hope that they will be given a slice of later exploration and production.

Sound waves

The cunning Chinese, who are benefitting from the fruits of Western technology, have made it plain that only companies involved in these initial surveys will be awarded drilling rights.

Probably the most important development in seismic techniques employed by Western companies is the three-dimensional survey by which companies are provided with a blanket coverage of sound wave recordings which help to map the various strata more accurately than seismic data obtained in a straight line.

First used on shore in the U.S. in 1975, the 3-D method is more expensive than conventional two-dimensional work but it does give a clearer view of underlying rock structures, particularly in faulted areas.

North Sea exploration work is already benefitting from the application of 3-D surveys, particularly as companies are looking increasingly at complex faulted rock structures which in recent years have been set aside as being marginally prospective.

Operators in the North Sea are expecting a continuation of the recent increase in exploration activity. Indeed, Mr David Howell, Energy Secretary, has made this one of his objectives. As a result, he has just increased the size of the seventh North Sea licence round, now under offer, from 70 to 90 blocks. For the first time these concessions will include 20 or so blocks nominated by the industry itself.

If companies or consortia successfully apply for these choose-your-own blocks they will have to pay the Government £5m each (roughly the cost of a North Sea well) for the privilege of drilling. Even with such signature bonuses there are expected to be plenty of takers.

The North Sea, or to be more accurate the Continental Shelf region as a whole, still remains one of the most attractive exploration regions in the world. There is still plenty of oil and gas to be discovered. So far, about 15bn barrels of recoverable oil have been found in the UK sector of the North Sea.

According to the Department of Energy the total amount of recoverable oil to be found could be as much as 33bn barrels.

Exploration has been extremely successful by world standards. According to British Petroleum, during the 1967-79 period one exploration well in every five drilled in the northern North Sea produced an oil find compared with a worldwide ratio for offshore exploration of about one in 20. As might have been expected, it seems that the oil companies found the big fields first; now they are left looking for smaller reservoirs and oil hidden in underground traps.

Encourage

The UK Offshore Operators' Association reckons that exploration success peaked in 1975 when discoveries of theoretically recoverable oil were 3.175m barrels. It has since declined, with 725m barrels discovered in 1977 and only 250m barrels during last year. Before 1975, the association says, one North Sea well in eight discovered a commercial field, while since the mid-1970s the rate has been only one in 51.

The association has told the Government that if the UK wants to remain oil self-sufficient into the 1990s, and possibly to the turn of the century, it must encourage companies to drill 65 to 90 exploration wells each year. This compares with a peak effort in 1975 of 79 wildcat wells and a level of only 33 last year.

However, the industry is well aware that until new rigs, now under construction, reach the market it may have problems in finding enough drilling units. There are very few rigs lying idle.

A recently-published study in the Oil and Gas Journal shows that worldwide only 14 mobile offshore drilling rigs, out of a total complement of 450, are without contracts. This is the lowest level of rig unemployment since mid-1975, says the Journal. As most of the idle rigs are undergoing repairs, it is reckoned that the effective utilisation rates is virtually 100 per cent.

The location of these rigs provides a measure of offshore drilling activity. The U.S., as the largest oil producer in the non-Communist world (and the most desparate to find new reserves) has the most active programme: 165 rigs operating and Texas Mkcc tao- h na mostly off the coasts of Louisiana and Texas. Operators have repeatedly called on Federal and State Governments to make available more of the largely-unexplored U.S. Continental Shelf for oil and gas search.

Latin America is the next busiest area with 66 rigs operating, mainly in Mexico, in Venezuela's Lake Maracaibo and offshore Brazil. Argentina is likely to become a more prominent exploration region shortly.

Asia has 57 mobile rigs in operation at the beginning of last month, according to the Oil and Gas Journal. Again increases are expected. As reported in the Financial Times on May 21, Indonesia has signed three oil production sharing contracts with Total of France and Union Texas of the U.S. which will carry out an exploration programme in the South China Sea, East Kalimanten and Central Sulawesi. Under the contracts the companies must spend not less than $41m on exploration in the next six years.

Looking elsewhere, the North Sea is said to have 46 working rigs, the Arabian Gulf 38, Africa 32, and South and East Europe 32, with an additional one lying idle.

Although offshore exploration and production is featuring more prominently in oil industry thinking, most of the drilling work is still carried out on land.

The latest monthly Oil and Energy Trends Report of Energy Economic Research shows that in December the total number of drilling rigs active in the non-Communist world at the end of last year was 4,064—a record number—some 15.5 per cent up on December, 1978, 42 per cent more than at the end of 1975 and almost 150 per cent more than the number in spring 1972.

Challenge

Drilling in the U.S. is at an unprecedented level; there the total number of rigs in operation is now more than 2,500. But what is particularly encouraging is that Third World countries are at last responding to the challenge of increasing their own oil and gas production.

The World Bank, concerned about the impact of rising fuel prices on the economies of less-developed countries, are actively encouraging—often with considerable financial support—exploration work in the Third World. The oil and gas found may not make a marked impact on world reserves but they may help prevent some countries going bankrupt.

In its 1980 Statislical Review, Energy Economics points out that the number of rigs active in less-edeveloped countries has more than doubled since early 1971 (1,029 at the end nf last year as against 500 in March 1971) although the level of activity is still low when set against North America. Furthermore, cnncern is expressed that between 1970 and 1978 the number of seismic parties active in the Third World remained about the same; the numbers evn fell hy around 16 per cent between 1974 and 1978.

It has become evident that the world as a whole has an uphill struggle finding freah supplies nf oil to keep up with the current levels of production and consumption. The analysis of Exxon is telling: since 1970 the world has been using more oil than it has heen finding.

Even if the present increased exploration drive is successful and companies operating in non-Communist countries discover around 15bn barrels each year for the next two decades (roughly the amount found annually in the early 1970s) consumers will still he drawine nn their store of proven reserves. For, according to Exxon, during the next 20 years non-Communist world oil consumptinn is likely to average over 20bn barrels a year.

Ray Dafter

WHERE OIL IS TO BE FOUND

Recoverable reserves by region (bn barrels)		% share of recoverable oil
Middle East	598	29.90
Communist countries	472	23.60
U.S.	215	10.75
Africa	162	8.10
South America	160	8.00
Asia-Pacific	96	4.80
Canada	84	4.20
Western Europe	68	3.40
Others (including Mexico)	145	7.25
Total	2,000	100.00

Source: M. King Hubbert, for the Congressional Research Service; U.S. Senate's Committee on Energy and Natural Resources; December, 1978.

Production at record levels

WORLD OIL production reached record levels last year: a total output of 22.8bn barrels, or an average daily flow of about 62.6m barrels—an increase of 3.7 per cent on the 1978 performance.

In itself this achievement would have been worthy of celebration. An analysis of production figures shows that it is still possible to boost output to meet rising demand, particularly with the development of oew oil regions like the North Sea, the Alaskan North Slope and parts of Mexico.

It should not be overlooked that the record was achieved in spite of a 2.1m barrels a day drop in Irao's ontput. However, that slump in Iranian productioo is the reasoo why oil compaoies and the main consuming oations bave oot felt like celebrating.

They are uncomfortably aware that much of the world's productioo capacity still rests in the hands of the Organisation of Petroleum Exporting Countries aod that output these days is influenced as much by political as economic factors. Consequeotly future production levels are far from assured.

Further, there is concern about whether or oot Communist countries can keep up their rate of productioo . . . and their net exports of crude to the West, amounting to more than 1m b/d. The Soviet Unioo, for instaoce, is currently the world's most prolific producer. Its output last year was an estimated 11.7m b/d, more than 82 per cent of Communist bloc production and 18.6 per cent of the world's supplies.

If Communist prodnction falters, as is the fear in the U.S. in particular, Western countries would not only lose this source of imports, they would find themselves competing more feverishly against some Eastern European countries for supplies from OPEC members.

In a recent review of U.S. energy policy and the need for international energy co-operation, Mr. John Sawhill, the deputy U.S. Energy Secretary, said there were "serious indications" that by 1985 the Soviet bloc could be a net importer on a "significant scale," perhaps by as much as 1m b/d.

It is possible that China, now quickly expanding exploration and productioo activity, could offset the switch in the Soviet Union's oil position. China is already producing at the rate of over 2m barrels a day (much more than the UK) and it has the ability to go higher.

Not all analysts agree that the Soviet output is about to fall. PetroStudies of Malmo, Sweden, which has always been optimistic about the Soviet oil prospects, bas produced a new 260-page report ("Soviet Oil Productioo Reform of 1980 and its Potential") which claims that the USSR has begun to carry out the most thorongh reform in the history of its oil industry. The reform, says the consultants, would allow further increases in Soviet productioo throughout the 1980s.

PetroStudies points out that Soviet oil output bas increased steadily during paat decades. In 1945 the output was just 380,000 b/d; in 1960, 3m b/d; in 1970, 7m b/d; and in 1978, 11.5m b/d. The Soviet Uoion's target output for this year is 12.2m b/d.

Control

While Communist production is importaot, it is oot as vital to the West as oil from OPEC countries. The organisatioo's membera atill control the world's oil market, aa recant price iocreases—imposed io the face of weak trading cooditions—bave proved.

OPEC's grip on supplies may be weakening slightly. In 1973, for iostance, the organisatioo's output accounted for 64.6 per cant of ree world crude oil productioo (31.3m b/d ont of a total 48.43m b/d). Last year OPEC's sbare was 61 per cent, accordiog to the U.S. Central Intelligeoce Ageocy. This year, as a result of voluotary cutbacks by a number of OPEC's members (among them Kuwait, Venezuela and Libya) the proportion will be even smaller, perbaps less than 57 per ceot (27.2m b/d out of 48.2m b/d).

What particularly worries oil consumers is that the 13 members of OPEC have the streogth aod ability to move io either of two directions, each poteotially damaging to the West. They could, in theory, decide at soma future date to open up the flow valves aod flood the market witb oil—a move that would briog prices tumbling aod undermine the ecooomics of oil productioo projects aod alteroative energy developments io oon-OPEC countries.

Much more likely—at least for the next few years—is a contiouation of the current traod; with prices risiog OPEC countriea can afford to cut back output furtber and to husband reaources eveo more ernestly.

It is quite likely that OPEC could cut its output to around 20m b/d, or even leas, without suffering any real economic hardship. But if thia bappeoed, countries could fiod themselves damaging some of their oil fielda; there is a limit — dictated by good reservoir practice — to the way in wbicb oil flow can be restricted. According to the CIA OPEC couotries now bave installed productioo capacity out 41.3m b/d.

That is reckoned to be the blghest rate of output that could be achieved over a short period. The maximum sustainable capacity is put at 34.4m b/d, still some 26 per cent more than the present level of output

Ioevitably the mal ooil consuming countries will be encouraging noo-OPEC producers to increase their output even further. These countries — essentiall ythe U.S., Caoada, Mexica, the UK and Norway — have managed to boost production in recent years; from 17.1m b/d (including oatural gas liquids) in 1973 to 20m b/d laat year.

Scope

For some, there is scope for further increases. Mexico, wbich last year produced 1.6m b/d, could boost output to between 3m aod 5m b/d io the 1980s, although tbe bulk of the iocrease will be absorbed domestically. The UK could go higher, io theory to around 2.6m-2.7m barrels a day (and eveo more for short periods, sucb as in ao emergency).

In practice UK output is likely to be significantly less. Lower-than-expected peak productioo rates (such as just annouoced for the big Ninian Field), delays in developmeot projects and the ioevitable unforeseen productioo problema will, io themselves, probably trim output by several bundred thousand barrels daily.

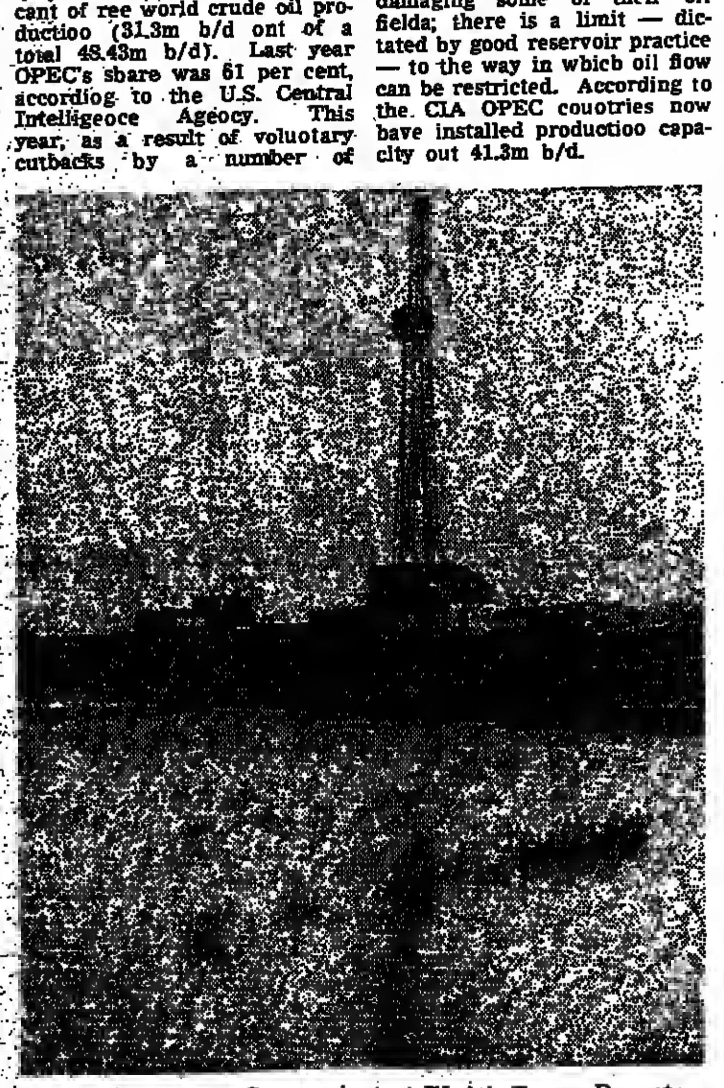
Further, tbe Goveroment has still to announce depletion controls that would deliberately hold back ontput. Oil self-sufficieocy, at arouod 1.8m b/d is expected to be reached io the UK later this year.

By then producers aod consumers will know wbether the Government intends to either restrict production to the self-sufficiency level (thus prolonging the period in which the country can insulate itself from net imports) or allow the oil to flow freely (a move that would please other members of the EEC and International Energy Agency but would shnrten the period of self-sufficiency to only a few years). A compromise seems likely.

Bnt whatever action the UK Governmeot takes it is nnlikely to influence greatly the world oil supply and demand balance. As Mr. Sawbill, the deputy U.S. Energy Secretary pointed out: "Expected increases of production io the North Sea will only serve to offaet ioevitable declines in production from the older fields of the U.S. and Canada."

So when it comes to oil production capability, OPEC still has the whip hand.

Ray Dafter



The BP/British Gas project at Wytch Farm, Dorset, is providing a useful onshore boost to Britain's oil supplies

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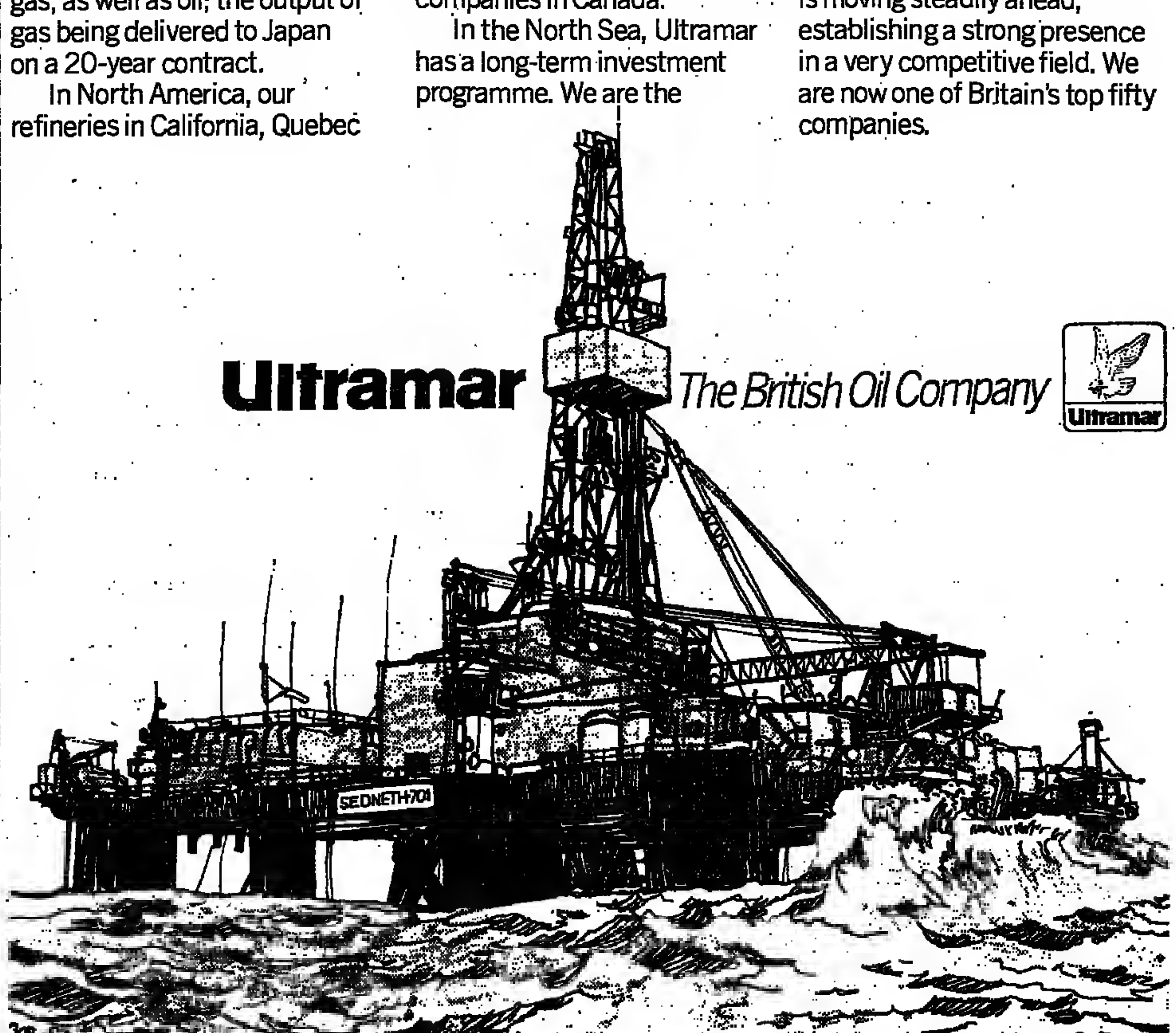

Ultramar The British Oil Company

How the companies have changed

Greater State control

OIL COMPANIES, particularly the big multi-nationals, have bad to face big changes in trading *conditions over* tha past decade. Those operating in the leading exporting countries of the Middle East, Africa and South America have seen many of their oil - producing interests natiooalised, or at least brought under greater state control.

In other areas—in the UK, Norway and Canade for instance —state oil corporations bave been formed in another movement that has restricited the nperations of the private sector. The big oil gronps, which for so long have dominated the crude oil market, have gradually lost much of their assured supplies while, at the same time, they have had to cope with vastly-inflated working capital caused by the very much more expensive oil passing througb their systems.

And yet, judging by the recently - announced record profits of many of these major oil groups, the industry seems to be adjusting to these new conditions reasonahly well.

Whet the hig companies seem unable to do sncceesfully is rebut the public criticism and suspicion that abound. Companies have been eccused of ehusing their undoubted power and influence, of manipulating governments, of creeting shortages in the oil market and of unduly profiterring from anpply problems and the resulting price Increases. Nowhere is this criticism more vocal than in the U.S., surprisingly, as the netion prides Itself in promoting private enterprise.

But the biggest targets are the easiest to blt. U.S. politicians in particnlar have clearly calculated that there is more mileage in attacking oil companies than defending them. The industry gives the impression of being confused, not sure about wbether it should keep its head low and hope the flack dies down or whether it should *meet and answer the criticisms* bead-on.

Maybe public perception will change, helped by a greater awareness about tha overall energy situation and the contribution made by industry. The reduced influence of the oil majors in world supplies might also colour the picture.

Statistics presented to the International Energy Agency in Paris *recently showed how* Government agencies and State corporations were usurping the power of big oil companies. In 1973, the world'a 10 largest oil traders handled 25.5m harrels a day out of the 30.3m b/d of oil that was being shipped from country to country in the non-Communist world. The rest was bandled hy smaller companies (2.4m b/d) and Government agnecies (2.4m b/d).

By the end of last year the 10 companies found themselves with only 14.4m b/d at thair disposal. Other companies had increased their share marginally, to 3.1m b/d. But State corporations and Government agencies had increased their sales to 12.8m h/d.

In a separate analysis the U.S.-based Petroleum Indnstry Research Fonndation has traced the rednciug influence of the so-called "seven sisters," tha biggest oil groups: Exxon, Standard Oil of California (Cbevron), Gulf, Mohil, Texaco, Royal Dutch/Shell and British Petroleum. In 1973 these companies lifted around 70 per cent of OPEC'a output; by 1978 tbeir direct share in OPEC aales bad dropped to 55 per cent. By April this year their share had dwindled to *no more* than one-third of OPEC outpnt, the foundation says.

Despite the majors' efforts in developing oil fields outside of OPEC territories—especially in Alaska and the North Sea—they have heen unable to prevent their collective access to total non-Communist oil prodnction from falling, as accompanying figures from the foundation show.

The result of all these changes is that big oil companies are being forced to scramble more for assured supplies, often in the spot market. They are stepping up their exploration *effort. The yare looking* more intensely at producing synthetic fuel, from coal or shale, while venturing more deeply into other energy sectors.

Companies maintain that the changes in the oil market are leading to greater uncertaintiea; that because oil is being moved in smaller amounts the whole trading system is now less efficient than it has heen. They see the need for a higger huffer, for higher stock levels, to counter these new conditions. Here we indicate how the major companies—the "seven sisters" —are faring in their new circumstances.

British Petroleum

NONE OF tha oil majors bas seen its oil supply position change more dramatically than British Petroleum. Once it bed plentiful supplies of crude oil (about twice its own needs) to seil to other companies. Today it *finds* itself unable to meet even its own requirements from sssured supplies. BP's oil trading experts have had to switch *from being sellers* to buyers.

BP has heen hit hy reductions in supplies from three OPEC members in particular: Iran, Nigeria and Knwait. In the mid-1970s the company ohtained 2.7m h/d from these three countries (about 1m b/d more than its refinery needs). Last year the company lifted harely 1.1m b/d from these aources; this year the amount will he mucb less.

And yet BP still managed to make a record net profit of £1.6bn in 1979, a return of 24.9 per cent on an historical cost basis ss against 11.2 per cent in the previous year.

Undoubtedly the company would have been in mocb different shape if it had remained tied to the Middle East, and Iran in particular. Last year Middle East and African operations provided less than 9 per cent of operating profits. The North Sea, where BP has been a pioneer, rewarded the group with more than over 41.5 per cent of its profits.

The company's expansion into the U.S., through its association with Standard Oil of Ohio (Sobio), is also paying dividends. North and South American interests—especially its stake in the giant Prudboe Bay oil field in Alaska—provided 51 per cent of 1979 operating profits.

Sir David Steel, BP's chairman, says the company will remain firmly hased in the energy business. BP would not be buying circuses, be said recently. It would be seeking to expand its oil and natural gas activities and was also determined to be a major force in the international coal trading husiness.

Already BP is claiming to be the eighth largest private-sector coal producer in the world. Its production in 1979 totalled 15.4m tonnes (inclnding 9.1m *tonnes produced* hy Sohio).

Exxon

EXXON, the world'a biggest oil company, also hecame the world's largest Industrial corporation last year with sales of $85bn and earnings of $5bn. But these burgeoning statistics (wbich stem almost entirely *from the rise in oil prices)* conceal the underlying deterloration of Exxon's oil position.

Its net production of crude oil and natural gas liquids, along with petroleum supplies under special agreements, bas declined by nearly 1m barrels a day since the 1976 peak of 5.33m, and there are no prospects for any lasting reversal of this trend. As a result, Exxoo expects to become e net taker of oil from the world market In the next year or so, and is in the process of pbasing out supply agreements to third parties.

Exxon is trying to compensate by stepping up exploration and production in the U.S. and other "stable" political areas, hut is turning its ettention increasingly to non-oil energy, and to completely new husinesses as part nf s long-term diversification plan. Several billion dollars have been earmarked for projects such as oil shale, coal, and nuclear and synthetic fuels. Exxon is also moving into electronics, information systems and energy-seving electric motor technology.

Gulf

OPEC and other concerns gave all the seven sisters a rougb ride io the 1970s, but Gulf also got tripped up by scandals aod some poor business deals from which it is only nnw beginning to extricate itself.

A new management bas heen weediog out unprofitable operatioos and steering Gulf into new areas: minerals, coal, urenium and synthetic fuels, aod chemicals, partly by acquisitions, partly first hand.

Gulf was helped through a difficult period hy an oil surplus derived from its strong production positioo around the world. But, like Exxon, that surplus is dwindling fast, and Gulf has warned tbat it may bave difficulty satisfying the needs of its refineries inthe time to come. Gulf, nevertheless, is among the most active oil explorers on a worldwide scale, with projects on all the continents.

Mobil

MOBIL, among the most diversified of the seven aisters, is also one of its most crude short. To rectify this, it has launched a huge exploration and production programme in the North Sea, Indonesie, the U.S. and Canada (where it has just made what could he an important find). It also bids for sizeable properties that become aveileble—though having won General Crude last year, it then failed to obtain two other prizes: Belridge and the oil properties of Seagram. Even so, Mobil's oil operations are now atronger than they were.

The diversification which hegan in the mid-1970s now inclndes packaging, retailing, real estate developmant, and a large cbemical business. But the first two bave not been unqualified successes: the retailing subsidiary's earnings dwindled into a loss this year, end packaging has suffered from low margins. Mohil also has interests in coal, uranium and solar energy.

Mobil's most distinctive trait is the bigh profile it takes on public issues. It has been an outspoken critic of much of the Carter Administration's energy policy, and bas passionately defended the oil companies' high profits as essential to the U.S. future energy security.

Royal Dutch/Shell

REFRESHINGLY, the Royal Dutch/Sbell Group sees little merit in belittling achievements or being overly pessimistic about prospects. Mr. Dirk de Bruyne, presideot of Royal Dutch Petroleum (which owns a 60 per cent stake in the Anglo-Dutch group, and wbo is chairman of the committee of group managing directors, said recently that 1979 was a successful year and prospects for 1980 were alsa good.

Royal Dutch/Sbell reported a 1979 net income of £3.05bn, a return on net assets of 33.2 per cent. However, these profits would have been ahout £1.1bn lower had the group been able to adopt the last-in, first-out (LIFO) method of stock accounting rather than first-in, first-out (LIFO).

Unlike BP, Shell is quite used to huying extra supplies of crude oil for its refinery and cbemical operations. According to stockbrokers Wood, Mackenzie, the group is short of 600,000 b/d of crude oo a forward basis. Last year Shell processed 4.2m b/d. Even so, the group is one of the best placed in terms of lts oil and natural gas reserves.

Setting aside the interests of Shell Oil in the U.S., Royal Dutch/Shell holds about 6.4bn barrels of recoverable reserves and 37.8 trillion cuhic feet of natural gas reserves. Further, the group has significant uodeveloped gaa reserves in Nigeria, Australia, Malsysia and the North Sea (wbere, in the Norwegian sector, it is said to have discoverad one of tha world's biggest offshore gas fields). Gas is now beiog recognised as a finite, premium fuel. Its price is being brought in line with that for crude oil. This should be food for Shell.

Overall, Shell companies handle about 8 per cent of the world's oil and natural gas. The group is also expanding its coal business. Last year Royal Dntch/Shell sold 5.6m tonnes in the international market, more than three times the 1978 tonnage. (Shell Oil also sold 3.2m tonnes of domestically-produced coal in the U.S.) Mr. de Bruyne, has said that he wants Shell eventually to win between 10 and 15 per cent of the growing international coal trade.

Standard Oil

STANDARD OIL of California, known as Socal or Chevron, is the most heavily dependent on Middle East crude of the oil majors, and it has been taking steps to correct this by looking for oil closer to home, and examining new potential lines of business. Socal has also been trying to shake off its stodgy image as one of the industry's least aggressive and profitable members (characterised hy what appears in retrospect to have hen an extraordinary decision in the early 1970s not to participate ln the Alaska oil search.

Socal is now active in the North Sea and throughout most of North America, where it has built up a good exploration record. If finds in Wyoming, the southern U.S. and the Canadian Atlantic fulfill their promise, Socal will undergo a major and favourable shift in its prodnction pattern.

Socal has diversified within the energy business, but has made few moves into new areas. It owns 20 per cent of Amax, the large metals concern for which it launched an unsuccessful bid two years back as part of a strategy to move more deeply into business related to its traditional mining and geological activities. Moves in that direction are still likely.

Texaco

TEXACO, in contrast to Mobil, is probably the most withdrawn of the seven sisters, though top level retirements will produce major management changes this year which could alter that. Texaco is strongly placed in the Middle East, the North Sea, Canada and the Far East. But U.S. production is declining, and proved reserves of petroleum liquids in the U.S. were down-scaled by 34 per cent last year following special engineering reports.

Special efforts are being made to strengthan the U.S. production base: Texaco has made the only major find so far (of gas) in the aBltimore Canyon.

Texaco has harely diversified outside the energy business at all, though within it, it is moving into new fields: Gasohol and alternative energy, notably coal gasification; uranium, oil shale and tar sands. Petrochemicals are also higb on the list. Texaco does not exclnde the possibility of moving into non-energy areas, though it will do this selectively through internal ventures and acquisitions where feasible.

Ray Dafter/ David Lascelles

State corporations flex their muscles

STATE OIL corporations, creatures which burgeoned in both numbers and strength during the 1970s, are flexing their economic and political muscles as never before as the world enters the 1980s.

Among both producer and consumer nations they are handling increasing quantities of crude, often moving downstream, and are generally eating away at the dominance once enjoyed by the major multinationals. One of the leading questions facing the oil industry over the next decade is just how much control the national corporations will grab from the majors.

At the outset it is important to distinguish between two types of state oil company. One category are those set up by the producer countries over the past few decades, such as Saudi Arabia's Petromin, Mexico's Pemex (the first, founded in 1938) and Indonesia's Pertamina.

Rationale

The rationale for their formation was simple: economic nationalism dictated that the Government take control of the oil industry, the lynchpin of these Third World economies. But it was only with the oil crises of the 1970s that many realised just how mucb control they could take—and are continuing to take—over production rates, prices and distribution.

It was also the oil crises of the 1970s which gave the spur to the second type of state oil corporation, those set up by consumer nations, and the motivation was very different. In a world where oil was likely to be in short supply, consumer Governments suddenly realised that national security was too important to be left solely in the hands of the multi-nationals.

These consumers' state corporations take many forms. At one extreme stands ENI, the long-established Italian state hydrocarbons group, which has diversified downstream and into engineering and textiles. Others have less formal ties with the state and a more specific purpose.

The Japanese Petroleum Development Corporation, for example, was created as a quasi-Governmental body to co-ordinate and promote oil developments by Japanese companies.

The British National Oil Corporation, established in 1976 by the Labour Government, reflects both the desire of a producer nation to maximise its rewards from oil and the desire of a consumer to maintain security of supply. Through its participation agreements with other companies, it has access to up to 51 per cent of production from the UK's North Sea fields, giving Britain a secure form of supply.

Through its equity interests in other offshore fields and its role as an operator, it is becoming one of the most profitable nationalised industries—though this role will change in the next parliamentary session, when the Government plans to "privatise" BNOC's upstream operations.

As the case of BNOC shows, it is impossible to divorce politics and economics in the workings of a state oil corporation, and if this is so in Britain, it is doubly so among the OPEC nations. As oil prices have moved up and more conditions have been placed on the movement of crude, the political and economic motives of OPEC Governments, as reflected through their national oil corporations, have been inextricably intertwined.

The most startling development of the past year has been the much expanded role the producer state companies are taking in crude sales—at the expense of the majors, who have in turn been forced to sharply curtail their sales to third party customers. Along with this has gone increasing restrictions imposed by the state corporations on the way buyers can transport, process and sell the crude.

Intrude

These restrictions have sometimes been political in character, but nowhere does politics intrude more than in the growth of so-called Government-to-Government sales—when a producer Government agrees to sell a specified amount of oil to the Government of a friendly nation.

One recent example of a Government-to-Government deal with political strings attached is a contract signed between Denmark and Saudi Arabia. This gives Petromin, the Saudi state oil corporation, "absolute discretion" to terminate the contract if the Danish Government in any way brings the Saudi Government into disrepute.

One study has estimated that five years ago Government-to-Government deals accounted for less than 1.5m b/d. By the end of last year this had risen to 5m b/d. Similarly, sales by state oil corporations to commercial buyers amounted to less than 1.5m b/d in 1975, a figure which has now risen to 8m b/d.

"The rising star in the world oil market now is the national oil company—and most crude oil buyers will have to look to it, and accept its terms, to obtain future supplies," according to Mr. John Lichtblau, executive director of the New York-based Petroleum Industry Research Foundation.

Apart from capturing an increasing proportion of the world's trade in oil, the producing states' national companies would seem to have a choice of two expansion strategies over the coming decades—they can either move downstream on their home base, supplying both the domestic and export markets, and possibly diversifying as industrial conglomerates; or they can go "multi-national," seeking to challenge the vertically integrated international operations of the oil majors.

The first strategy is already well under way in many countries. Pemex has long been

CONTINUED ON NEXT PAGE

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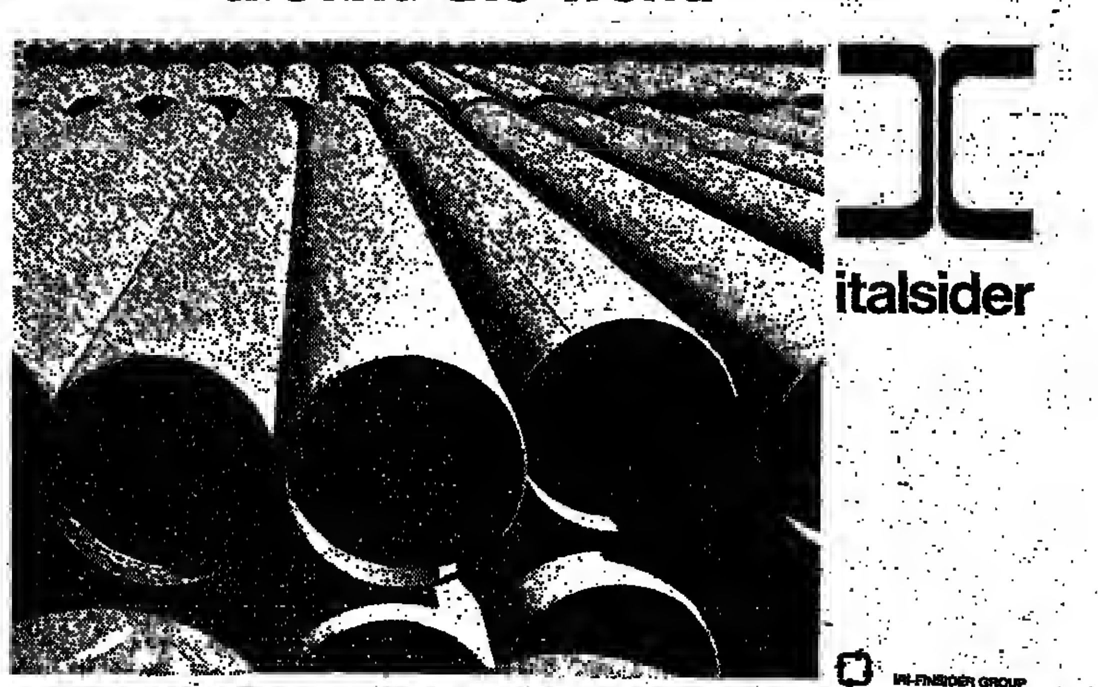

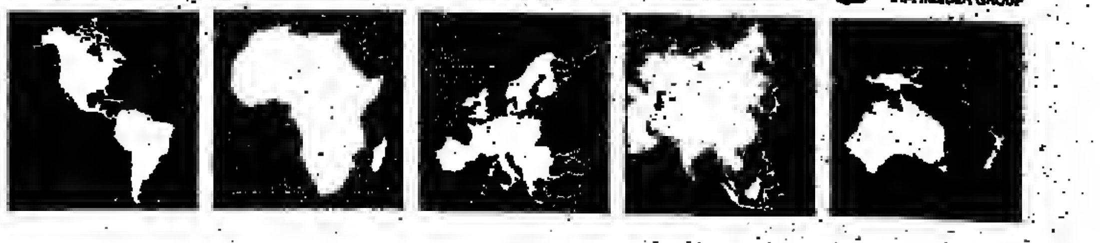

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WORLD OIL INDUSTRY V

U.S. groups find new role

IF THE 1970s go down in history as the decade which stripped the U.S. oil industry of its traditional role as the world's finder, owner and supplier of oil, the 1980s are likely to go down as the decade in which the industry found a new role closer to home —as purveyor of energy, in the broadest sense, to the U.S.

For the new decade has found the U.S. oil industry in the throes of profound change, caused to some extent by the well-known upheavals in the Middle East, and to some extent by the fast-changing political and economic environment at home as it relates to energy. And though the final outcome of that metamorphosis is still far off, the outlines are already discernible.

The forces at work in the world market need little elaboration. Successive political crises, nationalisation and outright expropriation had already forced many oil majors to rethink their exploration and production strategies by the mid-1970s, and concentrate on more secure parts of the world, mainly Europe, North America and some parts of the Far East.

But the process was accelerated at the end of the decade by two things: the Iranian crisis, and the Carter Administration's energy price reform policy.

Benefit

The curtailment of Iranian oil shipments to the U.S. (which are now illegal as part of U.S. sanctions against Iran) forced companies to look elsewhere for their oil. Meanwhile, President Carter had moved to phase out the controls which had kept the cost of U.S. oil well below world levels—to the benefit of consumers, but the disadvantage of the producer. This greatly increased the attraction of looking for and producing oil in the U.S., and in the last year or so it has sparked an oil exploration boom of a kind the U.S. has never seen before.

The number of active rigs, which is an indication of exploration activity, has soared. New exploration areas have been opened up, and old ones re-investigated using new techniques. Formerly prohibitively expensive exploration areas in the wilderness or offshore have become economically viable.

As this process evolves, the big oil companies' centre of gravity has begun to shift slowly back from the far-flung corners of the world, to the home country. While only a few years ago, more than half of Exxon's capital outlays went abroad, the majority now goes straight into the U.S., a pattern common to most of the multinationals.

Eventually, this should lead to an increase in the U.S.'s share of these companies' oil production. Together with the oil companies' diversification into new areas, mainly in the U.S., the outcome should be a striking which once straddled the globe. retrenchment by an industry which once straddled the globe.

But though price liberalisation has created a much more welcome environment for the oil industry in the U.S. (which is bound to be to the country's benefit in the long run, despite the soaring cost of oil-based products with which the U.S. consumer now has to grapple), the atmosphere could hardly be described as one of sweetness and light.

Resentment at the oil companies' huge earnings, along with lingering anti-trust concerns and a massive regulationary superstructure, combine to make life far from easy for the country's oilmen.

For political reasons, Mr. Carter was unable to institute price liberalisation without some kind of device to cream off a share of the huge extra profits higher oil prices were bound to generate. Hence the much-publicised windfall profits tax which finally became law earlier this year despite bitter opposition from the oil industry.

The tax removes up to 70 per cent of the oil industry's higher earnings directly attributable to decontrol, and is levied over and above existing taxes and royalties. It is structured in such a way as to fall heaviest on oil already under production (and therefore relatively low-cost), and more lightly on newly discovered oil, or oil extracted from difficult formations or using expensive advanced techniques.

Impact

This structure, which is quite sensible, gives industry a greater incentive to go out and find more oil, and produce the marginal barrel.

The tax took effect in March and will therefore have an impact on earnings this year. However, Congress resisted efforts to make it a permanent measure, and ordered that it be phased out after it had yielded some $227bn, which will be sometime towards the end of this decade. Most of this yield will go towards tax cuts, but a portion will also be used to stimulate energy development, and finance better urban transport.

The oil industry is deeply resentful about the tax, partly because it removes part of its cash flow, partly because it carries the implication that the oil industry cannot be trusted to spend the money responsibly on future energy development.

For a time, the tax symbolised the running battle between the oil industry and Government, a battle that has become more bitter as regulations have multiplied.

Oilmen are fond of citing the hundreds of forms they have to fill in simply to drill a well. However, their regulatory problems are most acute in pricing, where a multitude of orders, many of them apparently conflicting, have landed them with accusations of price violations.

Rather than contest these accusations, which are highly technical but popular with the public, most of the oil companies involved have chosen to settle with the Department of Energy without conceding that the settlement originally took the form of the "fines." But more recently, the department has tried to reach more constructive settlements under which oil companies agree to spend extra money on oil development or other causes that serve U.S. energy policy.

The oil industry's other regulatory bugbear is anti-trust pressures. Although the strength of demands for "vertical" dismemberment of the industry (severing pipelines interests from downstream processes and so on has died down, moves are afoot in several states to debar oil refiners from the gasoline retail market, on the grounds that a company-owned petrol station can drive a privately-owned one out of business if it wants to.

The oil industry's attempts to diversify into new fields, even those only distantly or wholly unrelated to energy, have also encountered anti-trust challenges based more in concerns about the sheer size and financial power of the oil majors than in any immediate worries about competitiveness —the "big is bad" view. (It was with decidedly mixed feelings that Exxon found itself at the top of the Fortune 500 list of largest U.S. companies again this year. Of the top ten, six are now oil companies.)

Acquisitions or diversifications that have been challenged include Atlantic Richfield's $600m takeover of Anaconda Copper, Standard Oil of California's (unsuccessful) bid for Amax, and, most recently, Exxon's $1.2bn takeover of Reliance Electric. Exxon justified this last deal on the grounds that it wants to develop energy-saving technology applicable to electric motors, and that energy conservation is a legitimate business for an oil company to be in. The anti-trust investigation is still going on.

The implication of these anti-trust challenges could be far-reaching.

Legitimate

The country's energy future clearly does not lie with oil alone. So the oil industry feels it not only has a legitimate right to be moving into new fields, but also, in a sense, a duty. And oilmen argue that many oil companies are fast becoming "energy" companies because of their growing interests in coal, oil shale, uranium and synthetic fuel technology.

The response of the anti-trust authorities is that oil companies are perfectly within their rights to move into new areas, providing they do so by internal development rather than acquisition. This attitude has made many oil companies extremely cautious in their acquisition strategies.

However, looking ahead, it is obvious that the U.S. oil industry will be a strikingly different creature by the end of the decade. Although some are diversifying out of energy altogether, this is less likely to become the major trend than expansion into energy in the broadest sense: non-oil fuels, conservation technology and synthetic energy in its multiple forms.

The oil companies will also be producing much less oil than they are today. But a greater share of their production will be in North America: the U.S. and Canada. The gradual emergence of a genuine economic market for energy in the U.S. should accelerate all these trends, provided that Congress or some future President do not reverse the reforms that are currently afoot, a fear which dogs the industry still.

David Lascelles

Independent companies show impressive high-risk record

WHEN CONGRESS put together the windfall profits tax on oil earnings earlier this year, it granted relief to only one category of producer — the independent.

Although this was to some extent the result of the vigorous lobbying effort mounted by the independents, it also recognised the fact that they play a far bigger role than is often realised in U.S. oil production, particularly at the high-risk end of the business.

There is no formal definition of an "independent." In fact, the term is somewhat misleading since it is often used to describe large oil companies outside the ranks of the "majors." But the most frequently used definition is that formulated by the internal revenue service. A person or a small non-integrated oil company which refines less than 50,000 barrels a day and retails less than $15m a year.

In practice, independents are usually small groups of individuals, often just one man, who risk private capital in the quest for oil. Because of their size, they are able to act more quickly and show more flair than the cumbersome majors. On the other hand, they lack resources to drill offshore or in inhospitable areas where daily costs can run into the millions of dollars.

The independents' record is impressive. According to a recent report put out by the American Association of Petroleum Geologists, 54,600 new field wildcat wells were drilled in the decade 1969-78. Of these, only 5,752 or just over 10 per cent were drilled by the 16 largest companies in the country. The remaining 49,000 or so were drilled by independents.

Wildcats

This means that independents account for about nine out of every ten wildcats drilled in the U.S. In fact, their success ratio is not as good because the oil majors found 53 per cent of the oil discovered during the decade despite their lower drilling record. However, the association claims that this means the majors only go in for the easy plays, while the independents go for the more difficult ones and take the bigger risks.

In fact, these figures are misleading because they exclude Alaska, which the association maintains is beyond the scope and range of independents owing to climate and cost. Nevertheless, few would dispute the valuable role played by independents in sniffing out new fields, extending existing ones, and taking a fresh look at fields which others had thought unproductive or played out.

Until quite recently, though, it seemed that the independents were well past their heyday. The number of active independents was steadily declining, and fewer new people were entering the business. This was to some extent because of domestic oil price controls which held down the return on oil production, and therefore its economic attractiveness.

However, this trend was sharply reversed by President Jimmy Carter's decision early last year to decontrol U.S. oil prices and bring them up to world levels by the end of September 1981. This triggered a surge in drilling activity to a level not seen in the U.S. since the 1950s (in fact, this year could well set a new record for rig activity), and most of this increase is due to the re-entry of independents into the exploration business.

The independent oil lobby also scored a major victory by winning concessions on the windfall profits tax which ensure that the small producer will shoulder a somewhat lighter tax burden than the major.

For example, the independent will pay a tax of 50 per cent on his first 1,000 barrels a day of production and 70 per cent thereafter, whereas the majors will pay 70 per cent on their entire production. Similarly, they will pay only 30 per cent on "stripper" oil (oil from wells producing 10 barrels a day or less) against 60 per cent for the majors.

But though these concessions greatly annoyed the oil majors who saw no reason why some people should get special treatment, the concessions fell far short of what the independents had been asking for. The Independent Petroleum Association of America had lobbied for total tax exemption on the first 1,000 barrels a day. It argued that this would have exempted 90 per cent of the country's independents from the tax altogether, and reduced the windfall profits tax's yield by only 10 per cent.

Upsurge

Mr. John Miller, the association's president, believes that despite the huge upsurge in drilling, the present situation is far from satisfactory. He maintains that the tax is draining capital from the industry and preventing oilmen from filling the gap between production and demand. He says the association is also considering legal action to challenge the constitutionality of the windfall profits tax.

As for the future, there is concern in the industry that the windfall profits tax will set a precedent for a similar tax on natural gas, which will be decontrolled in the coming years.

Even so, there is little doubt that the lot of independent oilmen has improved dramatically in the last couple of years. The lucky or clever ones who find oil stand to earn very large sums of money indeed.

Being a high-risk business, there are also those, of course, who find no oil and lose a packet of money. But the gamble is what gives the whole business its appeal.

David Lascelles

State corporations

CONTINUED FROM PREVIOUS PAGE

the most important industrial enterprise in the Mexican economy while the Middle East producers are now busily increasing their refining capacity.

Movement downstream for export is an understandable goal, but it is not without its problems: Third World countries are far from most of the main markets for oil products and may find it difficult to dispose of the full range at profitable prices.

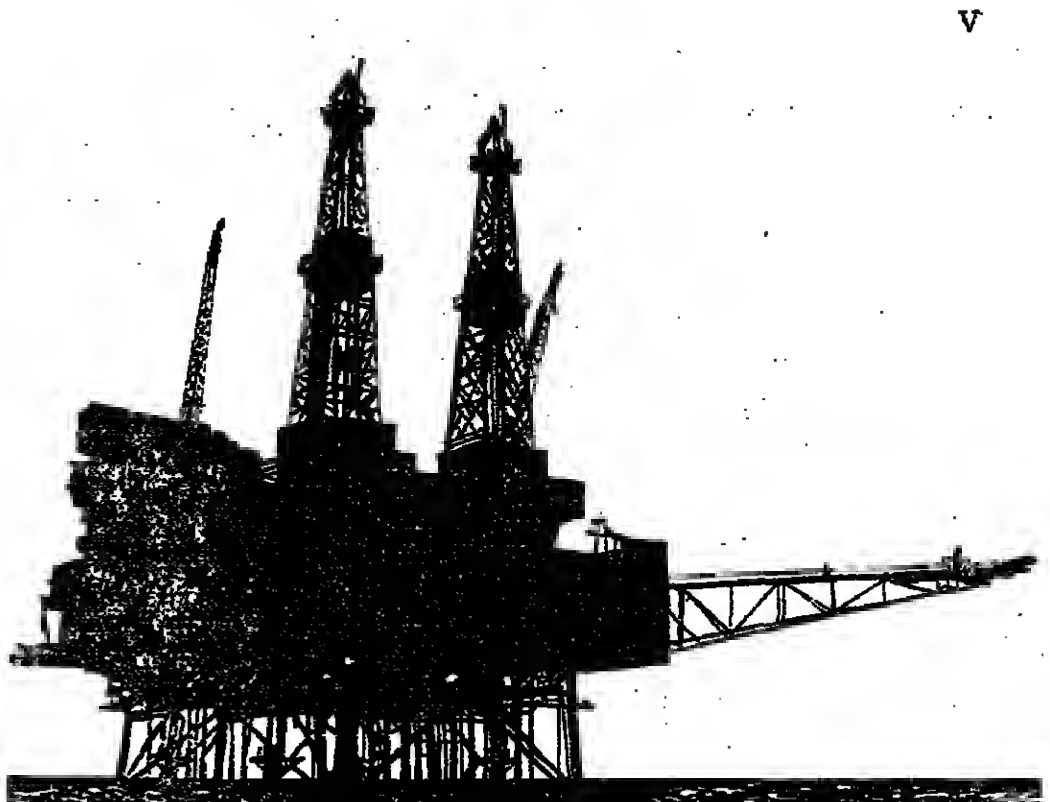
Even more dangers can attach to attempts to move beyond petrochemicals into the world of diversified conglomerates, as the Pertamina affair demonstrated: The Indonesian state company ran up massive debts in the mid-1970s after incautiously diversifying into property, aviation, steel, tankers, agriculture and fertilisers.

Nevertheless, growth at home seems the more likely path than going multi-national, though even here there have been indications that Governments are at least considering the possibility. Kuwait, for example, is reported to have sought — but failed to win—equity interests in buyers' upstream and downstream operations during recent crude supply negotiations.

Where does all this leave the majors? As Louis Turner, of the Royal Institute of International Affairs, points out in his recently re-published book, Oil Companies in the International System, much will depend on "the degree to which the older, established companies can identify managerial and technological strengths which the newer state companies will find difficult to duplicate.

"If they can convince producer Governments that this is the case, then the challenge of national oil companies will be less troublesome than would appear at first glance."

Martin Dickson



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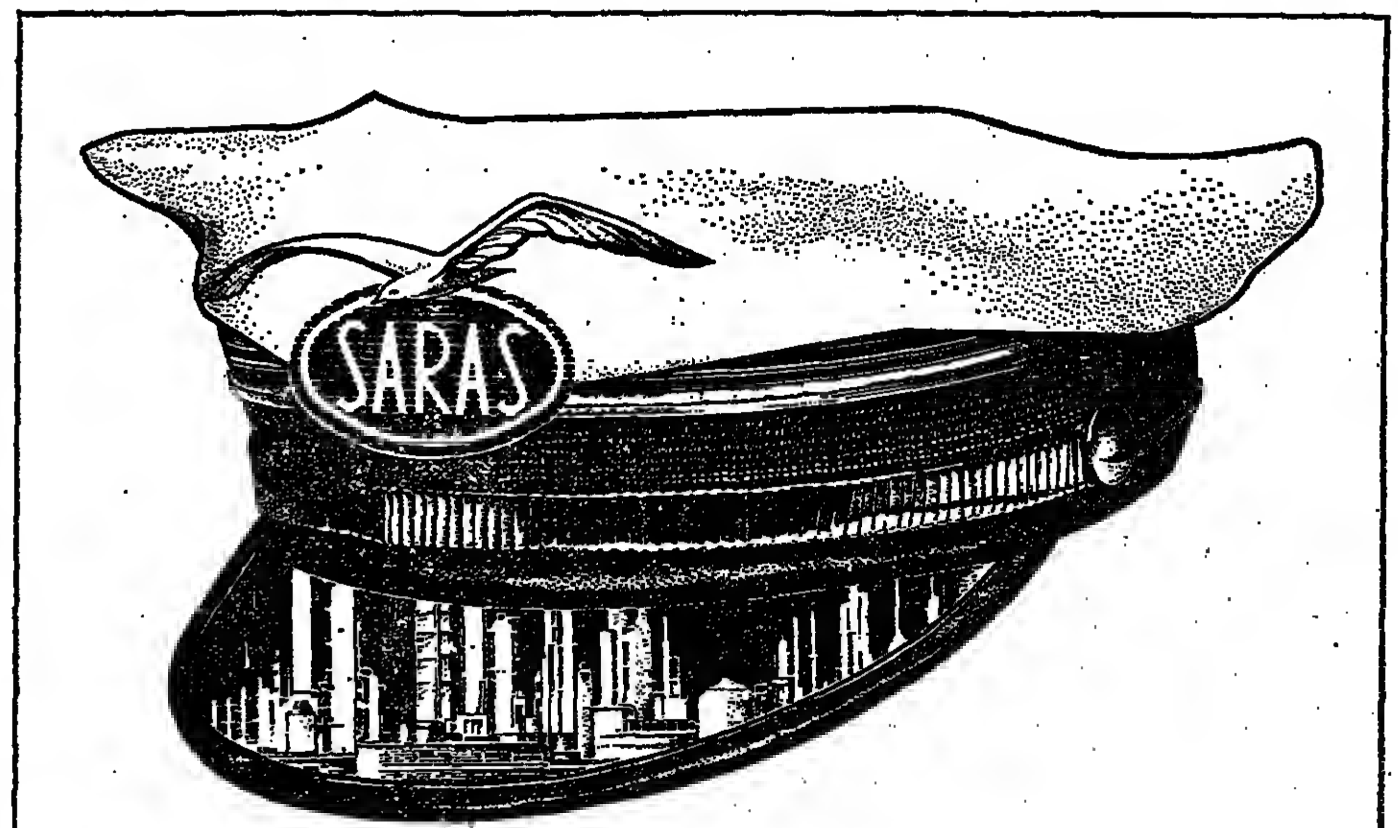

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WORLD OIL INDUSTRY VI

New platforms testing technology

THE OIL INDUSTRY is implementing a wide range of new technologies in its bid to exploit smaller fields and harder-to-extract oil in ever more remote areas.

This wave of innovation is being made necessary by the prospect of oil supply shortages; it is being made possible by the rise in real terms of crude oil prices.

A study published by the Royal Dutch/Shell Group late last year showed that the industry's total annual investment in developing new oil production could move up from more than $20bn at present (in constant 1978 dollars) to more than $70bn by the year 2000 and to more than $110bn annually in the following 20 years.

Increasingly, the industry will be exploiting high-cost oil to the extent that from the year 2010 most of the newly-developed crude will be in this category. High-cost oil is deemed to be that which is exploited for about $20,000-$33,000 per daily barrel (again in 1978 dollars). Oil produced in the high Arctic latitudes and the deeper waters of the UK Continental Shelf should fall into this category.

Since the start of oil production in 1975 the North Sea has emerged as a test bed for new offshore technology. The concrete production platforms, used in some of the early fields, were among the biggest and heaviest objects ever moved by man. The fixed steel platforms were among the tallest and most comprehensively equipped.

Now, ways are being found to exploit new North Sea reservoirs without the cost and long construction lead-times of these huge structures. Floating production units and sub-sea wells are now being brought much more to the fore.

Big fields need ambitious, purpose-built platforms. A group of eight companies led by U.S.-based Continental Oil, is to spend about £600m on developing a North Sea field — Hutton —with a special new platform design.

This field, 90 miles north-east of the Shetland Islands, will be tapped by means of a tension leg platform, a floating structure anchored to the seabed by vertical mooring lines. It will be the first field in the world to be developed using this system, which is designed for operation in depths of water beyond the capability of the present rigs.

Divers

The water above the Hutton Field is not that deep by North Sea standards, about 480 feet, well within the range of fixed platforms. However, Conoco feels it makes sense to try out the tension leg system at a depth where divers can be used during installation and operation.

One of the great advantages of the tension leg platform is that the structure can be easily unhooked and towed away once the field is depleted. Once refurbished, the platform can be used again in another field. Even if it cannot be reused, the operating oil company has been saved the considerable expense of demolishing a fixed system.

British Petroleum, another company that has been developing the new system—in its case a "tethered buoyant platform," capable of operation in water depths of more than 1,150 feet —was disappointed that it was not the first operator to introduce the production concept to the North Sea.

But BP could well be the first to use another facet of offshore technology, an early production system designed to exploit very small oil fields—perhaps with only a few million barrels of recoverable reserves—or, alternatively, to carry out a prolonged test on a difficult to assess discovery.

Converted

BP calls its idea SWOPS, Single Well Oil Production System. It is basically a tanker converted to both produce and transport ashore oil from a single sub-sea well. A production rate of up to 20,000 b/d is envisaged. The company estimates that it would cost no more than £25m to £50m to convert a 50,000-60,000-ton tanker and install the well system.

Sub-sea wells themselves are being used with increasing frequency. They are attractive to operators because they enable the exploitation of very small finds which would not warrant the installation of permanent platforms; or they can be used to produce oil from an outlying area of a big field which cannot be tapped with a deviated well from a fixed production unit.

A number of such wells are in operation in the North Sea: they are linked either to fixed platforms (as in the case of the Beryl and Brent) or a floating unit (Argyll). Now Shell and Esso are about to develop their central Cormorant oil field totally with an underwater production system.

The project includes the installation of an underwater manifold unit, incorporating the wells, and a pipeline to carry the oil to the nearby South Cormorant Field, the collection point for oil from a number of fields in the offshore Brent area. It is expected that Central Cormorant oil will flow late next year or in 1982.

A number of oil companies and contractors have developed both "wet" and "dry" sub-sea production installations. The "dry" one involves watertight air-filled compartments in which technicians can work in shirt-sleeve conditions: the other relies on maintenance work being controlled and directed from the surface.

Research by Shell Oil and Lockheed Petroleum Services in the U.S. led in 1972 to the installation in the Gulf of Mexico of the world's first ocean floor well, operable at atmospheric pressure. Engineers sent down in a service capsule were able to assemble the well-head equipment using tsandard tools and techniques.

Last month, in Houston, Exxon won an Offshore Technology Conference Distinguished Achievement Award for the development of its own sub-sea production system (SPS), that has been successfully tested in the Gulf of Mexico after about 300 man-years of research and development and an investment of $30m. These projects demonstrate that the North Sea is by no means the only testbed for new technology.

Oil discoveries in the ice-prone Beaufort Sea—both the U.S. and Canadian sectors—are requiring operators to push back the frontiers of offshore technology.

Esso Resources, for instance, has built a number of novel artificial islands, constructed from dredged gravel, which act as ice-repelling drilling platforms.

Dome Petroleum is looking at a number of more ambitious systems which will be needed to exploit its deeper water Kopanoar discovery. One idea would involve the construction of steel or concrete monocone platforms, weighing 62,000 to 83,000 tonnes. The platforms would resemble squate bowling pins or upturned wine glasses with a jacked-up deck mounted on top. The shape would minimise ice pressures.

It is even opssible that the outer skin would be heated. Dome is also developing a unique "swivel drillship." The ship, mounted on a swivel directly under the drilling derrick, would be able to turn its reinforced bow in the direction of advancing ice.

Hostile waters

But it is not only in hostile waters that new techniques are being developed. Companies are increasing applying advanced production techniques to old wells—at present, mainly those on lanl—in order to extract some of the residual oil still left in the reservoirs. Enhanced oil recovery techniques, including the injection of chemicals, steam, or ga (and at times necessitating the lighting of fires in the reservoir itself) is helping to improve recovery efficiencies.

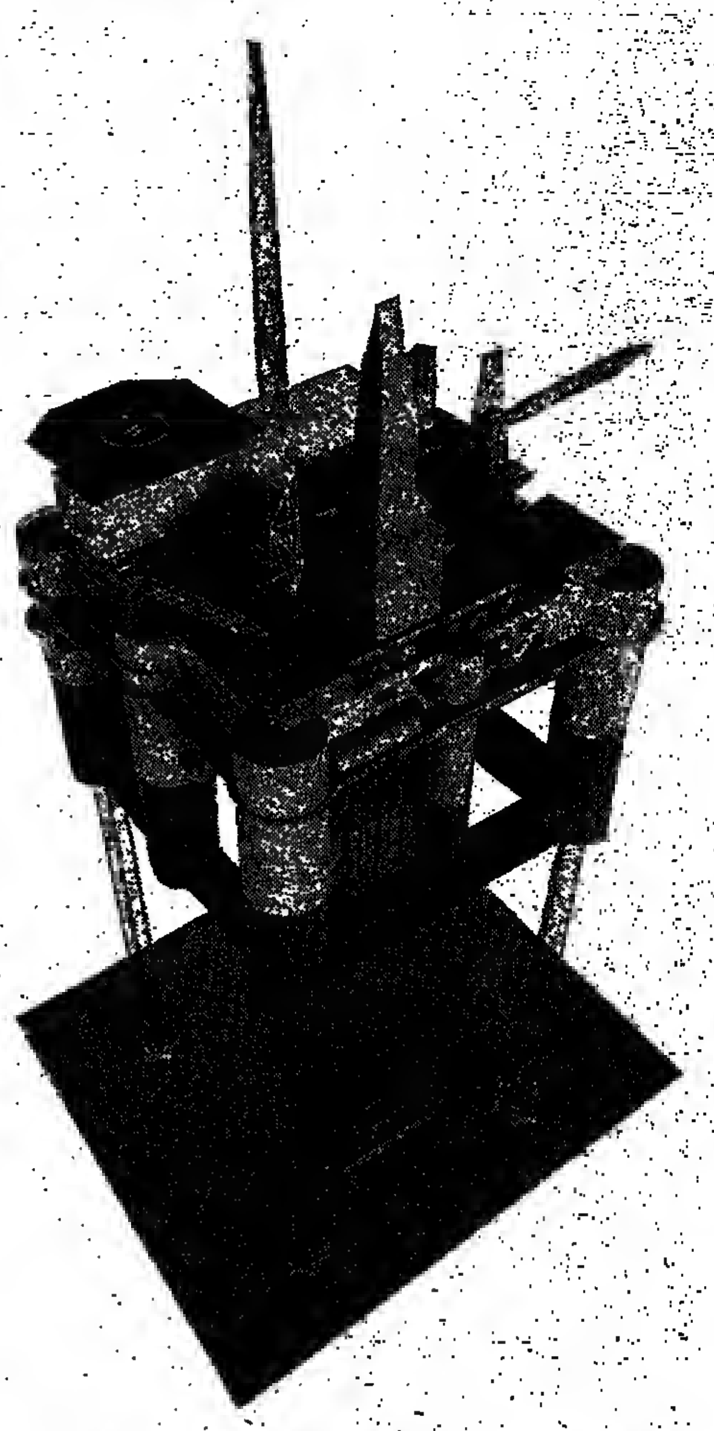
It is still something of an embarrassment to the oil industry that up to now they have been able to extract on average only a third of the oil in the reservoir; the remaining two-thirds remained trapped in the microscopic pores of the reservoir rock.

The time has still to come when offshore operators will employ some of these enhanced recovery techniques. But the North Sea will see another break-through later this summer when BP tackles its big discovery of thick, difficult-to-produce oil west of the Shetlands.

BP and its partners plan to experimen tby fracturing part of the reservoir with a fluid injected under pressure. This fluid will contain a "propping agent"—finely ground solids like tiny ball bearings—which will keep open the cracks. In theory the oil will "low more freely through these cracks.

It is a futuristic and costly concept. But the stakes are high. The amount of oil-in-place in this particular field is 3.5bn to 4bn barrels. With oil now seen to be such a valuable commodity, the industry knows it cannot afford to leave such resources untouched.

Ray Dafter



A model of Conoco's tension leg platform for the Hutton Field

North Sea the key to pipelines market

THE DEVELOPMENT of the pipeline market in the 1980s—especially as far as Europe is concerned—will still be very much linked to the future development of the North Sea energy resources.

This has already proved to be the case for much of the past decade, during which the North Sea has provided the most important area for new pipeline work in the whole of Europe.

All the major oil fields in the UK are already linked to the shore by pipeline, but the Government is now turning its attention to ensuring that as many as possible of the new generation of smaller fields are also linked into the offshore pipeline system.

The Department of Energy is encouraging operators to consider the construction of links to the major existing oil trunk-lines. Several of the more recent fields to be considered for development, for example, are not considered large enough alone to justify a pipeline link to the coast.

The most prolific of the North Sea oil fields already have pipelines securely in place. Oil has been flowing through the 111-mile pipeline from British Petroleum's Forties Field since 1975 to Cruden Bay to the north of Aberdeen. In 1976, the 124-mile line from the Occidental Group's Piper Field to the Orkney Islands was completed.

But the group of major oil discoveries made in the East Shetlands has meant the development of the most complex system of pipelines in the North Sea. Two major trunk-lines have already been built to join the Brent and Ninian systems to the Sullom Voe oil terminal in the Shetland Islands. The first crude oil began to flow to the islands in the late autumn of 1978.

The Sullom Voe terminal will eventually handle up to 1.4m barrels of crude oil a day, equivalent to more than two-thirds of the UK's current crude oil consumption.

The existence of the two large 36-inch diameter pipelines forming the Brent and Ninian systems has already meant that several small fields have been tied into pipelines, when considered in isolation they would have been considerably uneconomic.

Pump station

The main Brent system trunk-line actually connects the Shell/Esso Cormorant Field to Sullom Voe through a 93-mile pipeline. The Cormorant platform is the main pump station for the system and the receiving point for oil from a number of other fields. The first of the East Shetland fields to come into production was the Thistle field, operated by the British National Oil Corporation, which came on stream in the summer of 1978.

The Ninian trunk-line to Sullom Voe is likely to be handling a smaller throughput in the 1980s. It was first brought into use in the autumn of 1978 for the small Heather Field, but at the end of December production also began from the Ninian Field itself, which is expected to have an output by 1981 of 17.3m tonnes a year. This will be added to in the early 1980s by British Petroleum's Magnus Field, the most northerly discovery in the UK sector of the North Sea, which is expected to start production in 1983.

Work on the Magnus pipeline started this year with the pipe being rolled and coated for protection. It should be laid during 1981 and completed in 1982.

In the Norwegian sector the 220-mile crude oil pipeline linking the Ekofisk complex of seven fields with Teesside on the north-east coast of England was commissioned in 1975 and a year later work was completed on the 275-mile Ekofisk natural gas pipeline which leads to Emden in northern Germany. When peak production from the seven fields is reached in the early 1980s, as much as 575,000 to 625,000 barrels of crude oil and 40,000 barrels of natural gas liquids a day should be flowing to Teesside and 1.6m cubic feet a day of natural gas to Emden.

Plans for building an oil pipeline link from Statfjord, the largest oil field yet discovered in the North Sea, to the Norwegian mainland were finally abandoned earlier last year. The costs of crossing the formidably deep Norwegian Trench, which runs parallel to the Norwegian coast, made the project uneconomic.

In spite of the Government's reluctance, the partners developing the field finally opted for off-shore loading at the field direct into tankers.

The Government, however, faces something of a dilemma over seeking that fields are developed with a pipeline. The Government is also keen to promote a steady flow of orders for the UK offshore supply industry and some North Sea operators have suggested that field developments could be held up for many months or even postponed if the Government insists on a pipeline.

Overseas, a major onshore crude oil pipeline project in the U.S. was abandoned last summer by the BP subsidiary, Sohio. The scheme, to build a line from California to the mid-West to handle Alaskan crude oil had been under consideration for more than five years.

In Saudi Arabia, a major project is underway involving the construction of a 747-mile crude oil pipeline across the Arabian peninsula from Abqaiq, in the east of the Gulf, to Yanbo, in the west on the Red Sea. It is scheduled for completion in 1981.

Elsewhere in the Middle East, Abu Dhabi is laying 141 miles of gas liquids line from the Bu Hasa, Bab, and Asab oil fields to a fractionation plant at Ruwais.

Bottleneck

In Canada, the Interprovincial Pipe Line is laying 300 miles of 30-inch line between Chicago and Sarnia, Ontario, which forms a loop with an existing system. A bottleneck at Sarnia has prevented Interprovincial and its U.S. subsidiary, Lakehead Pipeline, from meeting the needs of Canadian refiners hit by tight crude supplies.

Mexico and Argentina are setting the pipelining pace in Latin America. Major projects also are planned or under way in Bolivia, Brazil, and Colombia.

Pipeline construction is following the rapid development of Mexico's oil and gas fields.

Argentina's pipeline activity results from a heavy exploration and development effort aimed at making the country self-sufficient in oil by 1985. In addition, expansion is underway at the petrochemical complex near Bahia Blanca.

The major problems with the pipeline production industry, however, include rising electricity costs, lengthening times to obtain permits, and increasing movements of high-viscosity crudes with resulting reductions in pipeline capacities.

David Churchill

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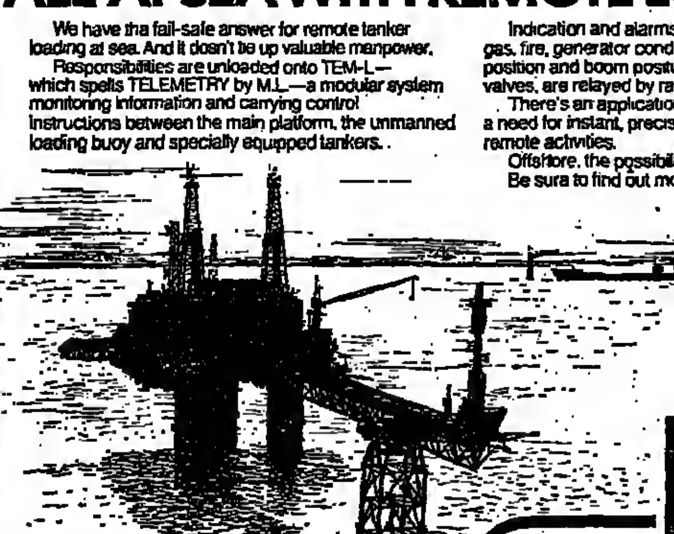

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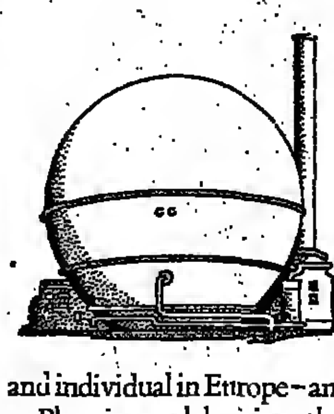

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Mixed fortunes for tankers

THE WORLD tanker market must look vary odd to a layman. More than half of the world's tanker tonnage consists of sleek and modern Very Large Crude Carriers (VLCCs). The other balf consists of generally older, smaller and less efficient ships.

The latter are thriving, while the VLCCs are stuck in the midst of a recession which looks like continuing well into the late 1980s. Most VLCCs are not earning enough to cover operating costs, while shipowners are falling over themselves to order vessels a quarter of the size where the unit costs of transporting oil are considerably higher. Why the discrepancy?

The answer lies in the structural change in the oil markets over the last conple of years which has dramatically altered tha demand for tanker tonnage. Before tbe sharp rise in oil prices in 1973, tbe major oll companies dominated the tanker market and could dictate the types of tankers needed.

The major oil companies transport more than 3m barrels of oil a day and wben distribution llnes were stable the most economical way of transporting the oil used to be in very large ships—the bigger the better. Today, there are five ships of over 500,000 dwt apiece sailing the world's oceans and at nne stage there was talk of building tankers of up to 1m tons.

However, these very large tankers have become white elephants. While in 1973 the big oil majors dominated 80 per cent of the spnt market, their place has been taken since by Governments and the rise of the independent oil traders. The big nil companies now control only 40 per cent of the spot market.

The world's oil markets have become mnch more fragmented and this has affected tanker demand in a number nf ways. Ironically, it has led to an increased demand for some types of tankers. Gulf Oll, for example, has estimated that it needs 15 per cent more tonnage than in 1977 to deliver the same amount of nil to given markets.

However, it has also led to reduced demand for lerge tankers. Transport costs are a fraction of the total landed price of oil and oil traders can afford to pay slightly higher freight costs in return for the mucb greater flexibility afforded by smaller tankers.

WORLD TANKER FLEETS

(m.dwt)	Fleet Existing	on order
Seven Majors	66.5	0.9
Other oil co's.	66.0	2.9
Independents	192.1	14.3
Total	324.6	18.1

Source: H. P. Drewry

Apart from this structural change in demand for tankers, the nverall tanker market has remained depressed for mucb of the past 12 months. Admittedly, laid-up tonnage has declined from 43.5m dwt in the summer of 1978 to under 10m dwt currently and the world tanker fleet has fallen by about 1 per cent in 1979 while the total oil trade has increased by about 4 per cent.

Nevertheless, there is still considerable over-capacity which is disguised by slow steaming. According to Fearnley and Egers, this equals 30m dwt or nearly a tenth of the total world tanker fleet.

There is much talk of various "scrap-and-build" plans and new legislation resulting from resolutinns passed by the Inter-Goveromental Maritime Consultetive Organisation (IMCO). After June 1982, for example, all new tankers of over 20,000 dwt will bave to be equipped with segregated ballast tanks, crude oil washing systems and inert gas systems, which will make old ships increasingly obsolete.

In additien, the iocreased scrapping of first-generation VLCCs plus the growing number of casualties amongst the larger ships (eight VLCCs have been lost over the last year) will reduce the size of the tanker surplus. However, unless there is a major change in the present supply/demand patterns the tanker surplus looks like remainlog for several years to come.

A worrying and little-studied byproduct of the current tanker surplus is the growtb in the number of substandard sbips. There have always been such ships, but tbere is a considerable difference between a substandard 5,000-ton bulk carrier and a substandard VLCC. And there is evidence that the number of substandard VLCCs is iocreasing.

There are a number of reasons why this is happening. The depressed freight merkets mean thet some operators are in financial difficulties end attemptiog to cut costs, which threatens safety regulations in some cases.

Another reason is that the size of many of the big and professoinal sbippiog fleets of the oil majors is decreasing as a result of the tanker slump. For example, the number of tankers owned by BP bas fallen by a third since 1975.

Many of these tankers have been bought by less skilled operators who do oot observe as high standards as the major oil companies.

There is a growing awareness that in certain instances crew standerds have not kept pace with the increasing sophistication of ships. However, well-equipped a VLCC may be, it still presents a tremendous hazard at see if it is operated by unprofessional seemen.

Not all the tanker industry is depressed. Rates for small tankers have been buoyant and this is reflected in the number of orders being placed for tankers of about 80,000 dwt, the maximum size for the Panama Canal.

Eveo smaller tankers of 50,000-60,000 dwt enjoyed good trading opportunities in 1979 aod specialist oil products tankers performed very well with fixtures of over Worldscale 500, the standard reference for negotiating charter rates being negotiated. A large number of new products tankers are on order as a result.

William Hall

Distribution network under close scrutiny

THE SURGE in world crude oil prices coupled with the lack of demand for some oil products in many markets has forced the oil companies to re-examine the distribution network in an ettempt to minimise costs. The traditional forms of land transport — road and rail — bave not escaped this scrutiny and, as is the case in the UK, there bas been some rationalisation.

In the UK the process has been given further impetus by the building of refineries — changing the distribution map — and by the country's shift from being a net importer of oil prodncts to being a net exporter.

The process of rationalisation — now probably nearing completion — has involved, in some cases, the closure of terminals and distribution depots and has led to more intercompany trade. It might have been even more fundamental bad it not been for the need to maintain a degree of flexibility in the distribution system in the face of continuing uncertainty over future markets — and supplies.

Although road and rail are competing transport modes — in competition with other forms of land transport such as pipelines, as well as with each other — they are also complementary.

Rail, despite complaints about the standard of service, remains of vital importance to the UK oil industry.

About 20 per cent nf the total tonnage nf oil products moved inland travels by rail. Although in volume terms the tonnage carried bas dropped substantially from 22m tonnes in 1973 to about 16.4m last year — lergely as a consequence of the fall in demand for fuel oil, particularly for power stations — oil traffic on British Rail is now fairly steady.

Fifteen major oil companies use British Rail's bulk freight service which earned the state-owned corporation about £30m last year—rougbly 7 per cent of BR's gross freight income.

The majority of rail traffic is between the refinery end terminal or distribution depot in bulk trains although some oil prodncts are sent by rail directly to major customers using BR's "wagon load" system. This system involves the rail car being taken from the terminal to e marshalling yard and made up into a train with other goods before delivery.

Flexibility

The oil companies, together with wagon hiring companies, operate more than 9,500 rail oil product tank cars. Shell owns about 3,400 rail tankers. BP owns about 1,800 and leases some more and Essn owns abont 1,300 rail tankers and leases about 800.

The rail wagon hiring companies, which together with the major oil companies are grouped in the Private Wegon Federation, provide the extra degree of flexibility within the distribution system to meet peak winter demand.

To secure their financial base at a time of slack or falling oil product demand the hiring companies have begun diversifying into wagon building and maintenance—a trend which began in Europe. Last month STS became the latest major hirer to extend its interests by purchasing a wagon bnilding and maintenance comp- Norcroft Engineering.

Aside from the obvious attractions of being able to nffer a "package deal" to the oil companies—in addition to repairing and modernising the oil companies' own fleets—the hirers undoubtedly are hop: thet British Rail'a attempts to provide improved wagons will force the oil majors to put more custom their way.

Among the changes in the oil wagon fleet sought, British Rail wants the oil companies to convert their tankers from vacuum to the more efficient air brakes by 1987 and to ebandon some of the smaller 35 tonne wagons which are not suitable for high-speed freight routes.

Before the oll companies finally commit themselves to this scale of expenditure on their more aged rail tankers they are looking for real evidence that BR is updating its own stock of locos and providing a more flexible and reliable service. A process which to some extent involves negotiations with the rail unions over productivity.

One development wbich may improve the service provided by rail is the introdnction of BR's Total Operations Processing System (TOPS). This is a computer system designed to monitor and belp control freight movements and should particularly aid development of the "Speedlink" freight service for single wagons.

Shell is already linked into the computer system and both BP and Esso are expected to be equipped with terminals shortly.

All the major oil companies agree that there is little prospect of a major shift eway from rail — unless the service deteriorates still further. At the same time, hnwever, no one believes that in tha long term more oil will be moved by rail.

The only major recent developmentt has been the building of a terminal at the BP/British Gas Wytch Farm onshore oil field in Dorset. Oil from Wytch Farm is currently sent to BP's Llandarcy refinery in South Wales aboard five trains a week.

Set against this development there may be a further small decline in rail oil movements — of about 250,000 tons a year — if Esso goes ahead with its plans fnr e pipeline from Purfleet to Gatwick.

The future for road tenkers is perbaps more unpredictable although, despite its bigher unit costs, the road tanker remains the method by which most oil prodncts reach their final destination.

It is at this, the sharp end of the distribution chain, that the impact of the declining demand for fuel oil has bad most impact. In particular some oil companies, such as Sbell aod BP, have already closed a number of distribution depots in ao effort to reduce overall distribution costs.

In the UK about 50m tonnes of oil products are moved by roed tanker each year. In total the oil companies operate about 200 terminals throughout the UK although the bulk of the volume nf oil products carried by road probebly pass througb about belf of the depots.

Oil compaoies, aside from operating distribution depots fed with their own oil products —wet depots—also operate a number of depots fed by their competitors — dry depots. In addition, some companies also operate "pick-up" arrangements with their competitors whereby, for an additional bandling charge, they can exercise drewing rights for oil products.

BP, for example, operates 42 transport bases, sells about 13.5m tonnes of nil products e year, of which 9m tonnes is delivered by roed, and 1.175m tonnes of this is picked up from competitors. Through pick-up arrangements with Shell and Esso, BP uses ebout 36 per cent of its "drewing rights" — a figure which would probably bave been considerably bigher had it nnt been for the impact of spare terminal capacity.

The company has in fact trimmed its distribution depot system by about 10 per cent, closing threa termioals betweeo June, 1978, and June, 1979. In addition, the company's Hull terminal is expected to be closed when the Humber Bridge opens.

The other area in wbicb rationalisation continues to take place is the operation of the oil companies' road tanker fleets. Most oil companies own the majority of tbe road tankers they operate but add a degree of flexibility—to meet specific major contrects or tbe winter peak demand for fuel oils—by biring.

Paul Taylor

Changed demand for storage as supply pattern wavers

UNCERTAINTY in the supply pattern for world crude oil, changes in the pattern of distribution and a fall in the demand for some oil products, have all influenced the demand for oil storage facilities.

However, increased demand for some forms of storage facility in specific markets — caused by changes in the supply systems — has been balanced in other markets by a redistribution of storage facilities and in some cases a reduction in demand — particularly for tanks capable of storing fuel oil.

In the UK there probably has been a small decline in storage capacity and no major new storage tanks have been built for oil products outside refineries for some time.

Elsewhere in Europe, fluctuations in the trader market have been reflected in changed demand for storage — at one stage two years ago, it has been suggested, there was about 4m cubic metres of excess capacity.

Similarly, the increase in the number of independent oil companies trading on the margins created a demand for storage, met in the main, by the independent tank storage companies.

In some countries the emergence of the Government-to-Government oil deal has bad an impact on the demand for storage while international and national regulations on compulsory stocks have also resulted in higher storage demand. However, largely because of an apparent "excess" storage capacity among the major oil companies caused by oil price increases and the consequential reduction in demand for some oil products this has probably led to a relatively higher utilisation of storage capacity rather than any real need for extra storage capacity.

In the UK the infrastructure has been developed, adapted and rationalised over recent years to meet a level of demand for refined oil products which at around 75m to 80m tonnes this year is only about the same as in 1967.

Converted

Storage capacity has probably actually dropped slightly over the past six years, particularly for those tanks associated with the "black oils," some of which have been cleaned out and converted for other uses in the chemical industry — and even outside it.

The mild winter coupled with changes in the supply pattern — including the impact of greater offshore supplies coming on stream—has created a temporary surplus and led to higher tank utilisation in the refineries in particular. Conversely, the fact that higher stocks have been accommodated without the need to build new tanks or increase tank hiring suggests that the industry in the UK at least may have had too many tanks in the late 1970s.

Although some oilmen argue that the higher stocks and therefore the greater utilisation of tankage is desirable, others point out that high stocks represent a waste of resources since capital is tied up. High stocks, said one oilman, "are a substitute for brains." From a commercial point of view the best tank is probably an empty one.

Nevertheless, in refineries tankage has little to do with commercial considerations. It is far more dependent on the need for flexibility to meet either a change in demand or supply or, as is probably more common, to smooth out production and technical problems.

Several other factors have probably also increased the need for storage in the refinery. First, the more products produced from a barrel of crude the more storage is required to enable supply of each product to be matched to demand. Second, in supply terms oil companies' horizons are now more limited than before the Iran crisis. Before Iran, for example, BP refined probably 10 or 12 types of crude. Today the number has increased substantially.

Third, the introduction of national, European and international requirements covering compulsory minimum stock levels has increased the demand for storage. Downstream in the distribution chain at the terminal some rationalisation has in fact taken place involving tank closures or re-allocation. These changes are mainly related to the lower demand for fuel oil by industry and for domestic central heating systems.

In the UK the independent contractors — grouped together Storage Association — have responded to changes in the market for refined oil products by turning over much of their storage capacity for the "black" oils to chemicals.

Mr. John Kingston, the association's director, illustrated the changed market conditions by saying that in revenue terms the handling of oil products used to represent 70 per cent of the association's member's income, but today the figure was around 50 per cent.

The independent tank storage companies — of which there are about 13 major companies in the UK with a total capacity of about 4m cubic metres — have cleaned out their heavy oil tanks and converted them for other uses. The market in the UK for independent oil product storage, says Mr. Kingston, has "settled down," probably at its optimum level.

Paul Taylor

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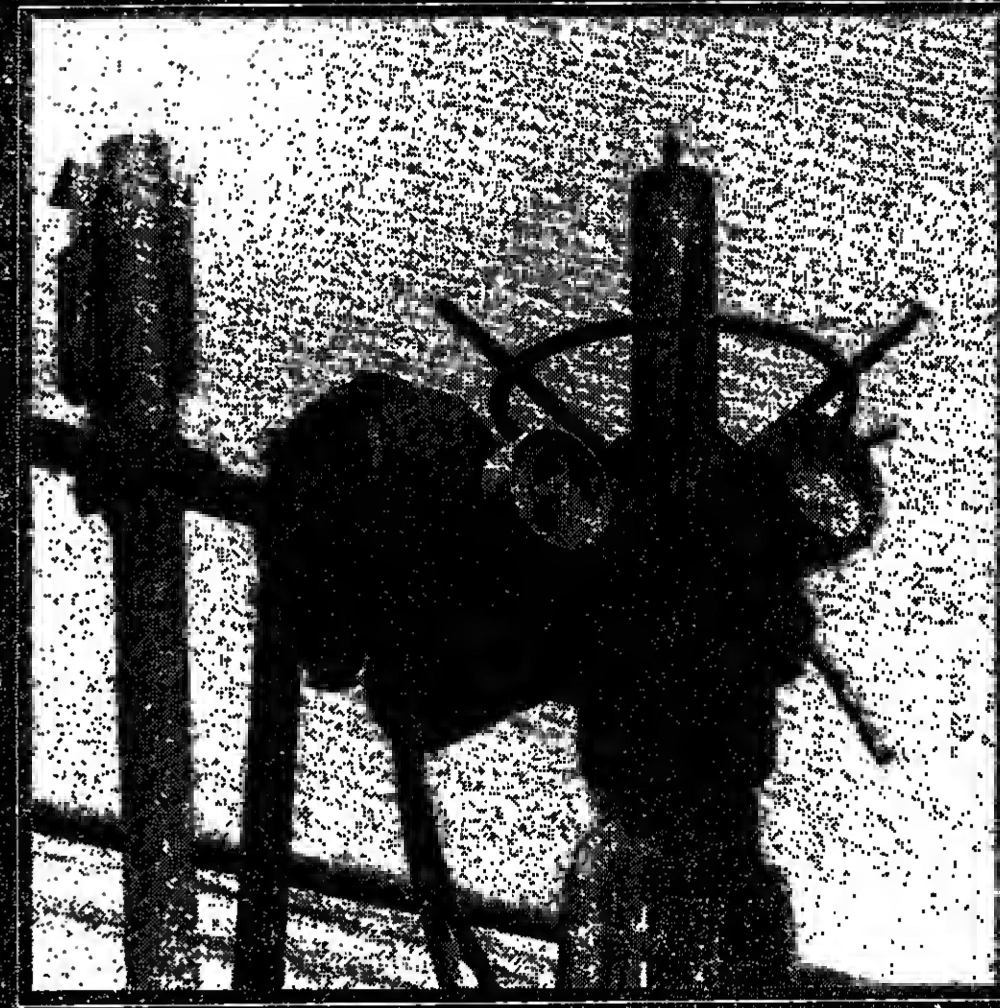

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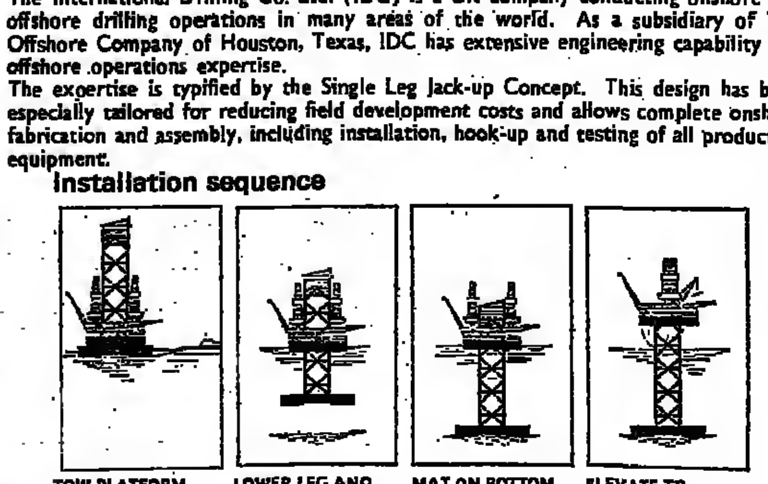

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Vital facelift for refineries

WESTERN EUROPE'S oil refining operations are currently undergoing a costly but vital facelift designed to help them match their supply to a new demand pattern.

The oil crisis of 1973 to 1974 brought with it a series of price explosions which dramatically altered demand for such products as heavy fuel oil. Consumption dropped sharply and, by the end of 1975, Europe found itself with a refinery capacity of 1bn tonnes a year and a demand of only about 600m tonnes.

The main exception to the general fall in demand for oil products was gasoline—the light fraction from which comes petrol and its first cousin, naphtha, the vital raw material used by the petro-chemical industry. Despite hefty price increases, petrol consumption remained at much the same levels as before 1973 and even today it shows no sign of falling back significantly.

The sudden change in demand for oil products in the early 1970s hit the UK rather more strongly than the Continent although the impact was felt everywhere. Britain traditionally had been slightly short on petrol compared to many countries on the other side of the Channel—mainly because Continental transport industries made greater use of diesel fuel.

It slowly became clear to all refiners that they would have to modify their output so as to meet the changing market pattern. One option would have been to reduce throughput, which in turn would have cut-back surpluses at the heavy end of the business. But this course also would have created shortages in the strongly-growing petrol sector.

A second possibility would have been to build new, more modern refineries capable of squeezing a higher proportion of light products from the barrel. But with the entire refining industry suffering from over-capacity this would not have been a realistic approach to the problem.

What refiners ultimately decided to do was to upgrade their existing plants either by installing vis breakers, which reduce viscosity, or—far more popular—by putting in catalytic crackers. About 16 cat crackers are now being built in various parts of North West Europe and industry experts estimate that a total of 30 may be needed altogether if refining profits are to be maximised.

The cost of a cat cracker varies according to size and design but it is thought that the minimum going rate is about £100m. The change in demand patterns is therefore forcing the refining industry to invest very substantial sums in its plant.

Vacuum

Yet Europe is merely following the path set by the U.S. many years ago. Traditionally, the U.S. has converted 45 per cent of the oil barrel into light products whereas in Europe the proportion being turned into gasoline has been nearer 20 per cent.

What cat crackers enable refiners to do is turn part of their surplus heavy fuel oil into gasoline and olefins—the latter also being used in the production of petrol. The heavy fuel oil is put through a vacuum distillation unit which turns it into roughly equal quantities of extremely thick fuel oil and middle distillate or vacuum gas oil. It is this vacuum gas oil that is used as a feedstock for the catalytic crackers.

The crackers—which can use any one of half a dozen different catalysts—turn the vacuum gas oil into gasoline, olefins and other gas oils. The latter are usually mixed with the residue thick oil from the vacuum distillation unit so as to thin it out.

The olefins, such as propane and butene, can then be put into an alkalisation unit which is fed with isobutane to produce heptanes and octanes. These, in turn, can be used for blending petrol.

The proportions of gasoline, gas oils and olefins produced by a cat cracker vary considerably depending on the design of individual plants. But an average cracker's output might be roughly 50 per cent gasoline, perhaps 20 per cent or more gas oils and much of the rest olefins plus small amounts of such products as methane and hydrogen.

At present four crackers are being built in the UK. One is being put up at Milford Haven by Gulf and Texaco and should be finished by about the middle of next year. Another, also at Milford Haven, is being constructed by Amoco and is expected to be ready by the spring of 1981.

A third is going up at Coryton, near Canvey Island, under the aegis of Mobil and Total, and Petrofina is building the fourth at Lindsay on the Humber—due to be completed by the end of this year.

Total feed to the four crackers is expected to be about 160,000 barrels a day—about 8m tonnes of oil a year. This compares to the 90m tonnes of oil a year processed by UK refineries.

The four crackers will produce an estimated 4m to 5m tonnes of gasoline a year—which should cover the UK's current shortfall.

While Europe's refiners struggle to bring their output in line with demand—and they are unlikely to succeed before the mid-1980s at the earliest—they are also keeping a weather eye on development in the oil-producing countries of the Middle East. They are well aware that the major oil producers are keen to launch themselves into the potentially profitable oil products market.

A rush of imported oil products from the Middle East would be particularly unwelcome at a time when European refiners are still adjusting to substantial changes in their own home market.

Local demand

But some experts within the oil industry believe the immediate threat from the Middle East may well have been overstated. While it is true that some members of the Organisation of Petroleum Exporting Countries are already exporting refined products to the West—Kuwait, for example, supplies the UK-based Imperial Chemical Industries with part of its naphtha requirements — and others have ambitious plans for building refineries, large-scale production in the Middle East is thought to be still a good many years away.

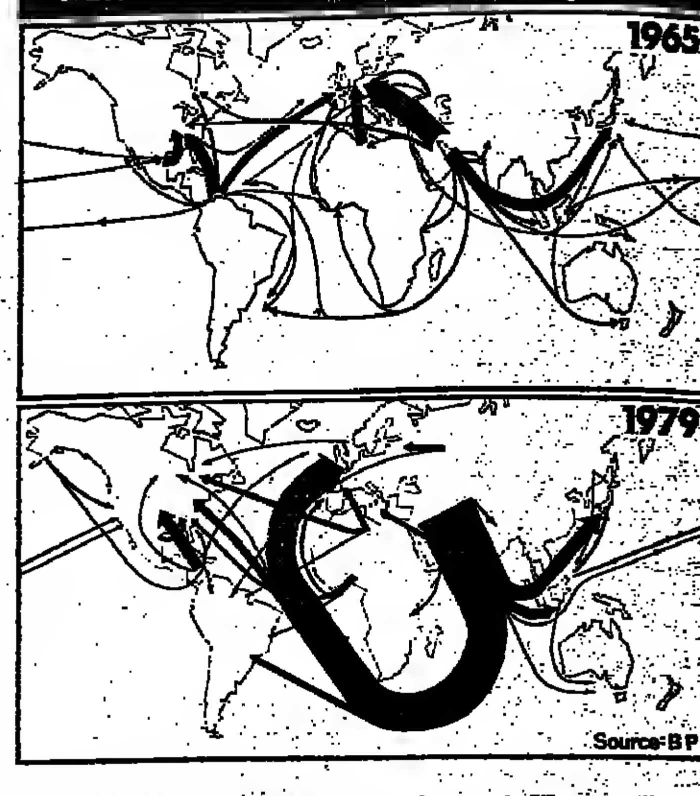
There are several reasons for this. One is that the newly-rich oil producing countries will have to cope first with increased local demand for refined products before turning to the export market.

Another is that many OPEC members have committed large sums to other non oil-based industrial developments. And most of them would probably find it hard to construct and run efficient refinery operations without calling on the expertise of the major Western oil companies.

This is not to suggest that OPEC members will not build refineries and will not offer fierce competition to Western producers—they will. Only two months ago Saudi Arabia announced plans for building a refinery at Yanbu on the Red Sea coast. Similar schemes in other oil producing states are bound to follow.

But European refiners are unlikely to be hit by imports from the Middle East until the 1990s at the earliest. Fate has granted them a badly-needed breathing space.

Sue Cameron



OPEC coordinates its strategy

THIS year the Organisation of Petroleum Exporting Countries celebrates its 20th anniversary. The delegates from Iran, Iraq, Kuwait, Saudi Arabia and Venezuela who assembled in Baghdad in October, 1960, could hardly have dreamt of the change in their fortunes that was to occur over the coming two decades. OPEC began its life desparately on the defensive, as a body that would be regarded for many years as not even a cloud on the horizon no bigger than a man's hand—rather as a joke—by the seemingly monolithic international oil industry which controlled almost 100 per cent of the world's production of and trade in crude oil.

OPEC's main achievement in the first decade of its existence, a period of surplus capacity and supply, was the limited and negative one of ensuring that there were no more reductions in prices. The first major breakthrough in the assertion of producer power came in 1970 when Libya's young revolutionary regime succeeded, in changing market circumstances, exploited its own peculiar situation—the dependence on it of a number of relatively small independent oil companies and the premium set on its high quality, short-haul crude — to force the industry to concede higher prices. The result was the Tehran Agreement of February 1971 that extended better terms to all OPEC members and further revenue gains before the price explosion in the last three months of 1973 when per barrel revenues rose nearly five-fold. In less than three years per barrel revenue for Arabian Light, until recently the "marker" crude, rose from 91 cents to $9.31.

Ownership

A second milestone in the rapid assertion of producer power was the General Agreement on Participation of 1972 that allowed for an initial 25 per cent host country share in the operations of concessionaires rising by progressive stages to 60 per cent majority control by 1983. A third was the unilateral fixing of a new price level in October, 1973, and the end to negotiations with the companies on the subject. A fourth was the imposition of new tax and royalty rates in November, 1974.

One important shift was the move by most producers to take over full ownership of their oil industries by nationalisation—in the case of Algeria and Iraq—or by negotiations. By 1974 the process had rendered the General Agreement on Participation irrelevant. Other important developments were the imposition of production cutbacks either as a means of obtaining higher prices, a tactic successfully used by Libya in 1970, or with the aim of conserving a depleting asset, a requirement first laid down by Kuwait's imposition of an output ceiling in 1973.

Tables have been turned to the extent that individual members have asserted their individual power to raise prices without reference to the others and constrained only by the limits to what customers will pay — which have proved to be remarkably elastic. More extraordinarily the militants have been able to ratchet up oil prices despite full inventories and a modest worldwide surplus over the past year.

Average revenues are now over $30 per barrel compared with just over $13 at the end of 1978. Since 1970 they have gone up over thirty-fold in absolute terms and about six times in real terms. The certainty of an ever-tighter supply-demand equation and possibility of acute shortfalls mean that prices will rise both progressively and, at times sharply, regardless of OPEC's existence. OPEC has failed in one original objective, pursued vigorously by Venezuela at least, in never adopting a programme to control production—mainly because of Saudi Arabia's refusal to join one. For the benefit of consuming countries rather than out of financial need the Kingdom is continuing to produce 9.5m b/d from its main fields, 1m b/d above its official ceiling, and now accounts for over one-third of OPEC's total. Nevertheless, the reductions made by other members recently have almost amounted to de facto prorationing of output.

The original and basic purpose of OPEC was to maintain and increase oil prices in real terms. In the summer of 1978 Sheikh Ahmed Zaki Yamani, Saudi Arabian Minister of Oil, conceded that from this point of view its raison d'etre might cease some time in the 1980s. That was not his desire then nor is it the intention of members now.

Price structure

The establishment at the Taif meeting in May 1978 of the six-man committee on long-term strategy was an expression of determination that OPEC would stick together and realisation that it must prepare for another era. The report was finalised by the committee and approved formally by the Oil Ministers of the 13 member-states in May. It must still be endorsed at full governmental level. As it is, Iran, Algeria and Libya have entered "reservations" about its important pricing proposals, even though Iran and Algeria were represented on the committee. In the interests of both producers and consumers, the report, as it stands, recommends a long-term pricing formula that would give both a clear idea about future trends.

Its three elements are an index to take account of the impact of inflation in international trade based on roughly two-thirds on exports of the Organisation for Economic Co-operation and Development and one-third on their domestic prices (to reflect the cost of services); an automatic exchange rate adjustment factor based on a basket of the currencies of 10 leading industrialised countries (including the U.S.); and—to give a progressive increase in real terms—the average growth in real GNP of OECD members.

The underlying aim is to gradually bring prices into line with the cost of developing alternative sources of energy. The report comes closer to agreement on the principle of output control than OPEC has ever reached before. In the event of a temporary oil "glut" on the market it suggests that production should be lowered but does not spell out any mechaoism for prorationing.

Underlying the whole strategy is the principle that "pricing objectives, in concrete terms, should aim at bringing about an orderly halance between supply and demand in the long-term, taking into account the production policies of member countries." Fundamental to it also is the strengthening of relations with other developing countries.

On a hroader scale, OPEC's plan is to spearhead a new drive to revive the dialogue between the industrialised and developing countries, taking up cudgels on behalf of the latter.

Prospects for using its oil muscle to hring about a new international economic order must depend very largely in the first instance, at least on establishing an orderly price structure and agreement on the starting point for regulated increments. The system proposed by the ministerial committee cannot be implemented until prices are realigned. Hopes that they might he at next week's conference in Algiers—or indeed in the foreseeahle future—have largely evaporated.

Iran, Algeria and Libya bave insisted the formula should he ammended so that the inflation index is based on goods and services imported by OPEC members and the provision for increases in real terms is based on their own (abnormally bigh by world standards) growth rates. In effect, the three militants would seem to prefer a continuation of the chaotic free-for-all, leap-frogging of the past 15 months.

Not for the first time OPEC is disunited. But it has "agreed to disagree" before. Meanwhile, no one should harbour any illusions about the producers' club disintegrating and disappearing.

Richard Johns

Spot markets exerting powerful influence

AN UNEASY calm has fallen on the crude spot market in recent months—a respite from the whirlwinds of the Iranian revolution which swept spot traded volume and prices up to unprecedented levels in the latter half of 1979.

High stocks and a mild winter in Europe have brought both prices and volume sharply down again. An average of just 700,000 barrels a day of crude was traded on the market in the first quarter of this year, according to one oil company estimate quoted by the authoritative Petroleum Intelligence Weekly.

This was less than one quarter of the record 3m b/d traded in the last nine months of last year. Prices have also moved closer to official levels than the differential of up to $20 a barrel which emerged late in 1979.

Nevertheless, last year's extraordinary conditions have left a nasty aftertaste, with politicians and consumers inveighing against the spot market and all its works. Behind the anger lies two basic complaints: that spot traders are reaping vast speculative profits at the expense of the consumer and that the market has become the tail which wags the oil pricing dog.

Misleading

Both arguments are misleading. Complaints about recent windfall profits have to he set against the sloppy conditions with thin trading margins which prevailed between 1974 and 1978.

The tail-wags-dog complaint atems largely from the new phenomenon of producer nations demanding spot-related premiums well above the official price for a considerahle proportion of their crude. Much of this oil bas heen aold on a term hasis to the producers' regular customer.

One estimate has suggested that although only 3m b/d was heing moved on the regular spot market at the end of last year, as much as 10m b/d of crude was heing aold above official prices.

The growth of the administered spot market reflects a desire amoog producers to make sure thst they, and not middlemen, get the lion's share of any wiodfall profits, and also to diversify their sales outlets away from the oil majors.

But while this may exert a general upward pressure on prices, it is hard to pin the blame oo the Rotterdam spot market, which is itself only reflecting the supply/demand equation at the margin.

Like the crude market, the spot market for oil products is capable of exercising an influence out of all proportion to its size—as it proved in a dramatic fashioo last year.

It accounts for only about 5 per cent to 10 per cent, at most, of European oil product sales—altbough the proportion varies according to general business conditions and the matarial concerned.

In the latter part of the 1970s, spot market prices were slightly lower than those charged by the major oil companies to their contract customers. This pricing pattern enabled some companies, sucb as the smaller independent petrol groups, to buy spot products and so undercut their larger competitors.

One of two major concerns, notably the U.S.-based Dow Chemical, also bought comparatively cheap napbtha—the light fraction that is vital as a raw material for making petro-chemicals—on the spot market and therehy gained an edge with its sales. But the spot market in the late 1970s was not normally a major source of disruption.

Yet the revolution in Iran, the cutting of crude supplies to the West and the ensuing world oil crisis sent spot market prices for such products as fuel oil, petrol and naphtha soaring. And for the first time in several years, spot prices overtook contract prices.

For exampla, during 1979 the spot price of naphtba doubled, going from around $200 a tonne at the start of the year to $400 a tonne by the heginning of 1980. To the consternation of many, naphtha contract prices spiralled upwards in the wake of the rising spot market.

Five European chemical majors—the UK-based Imperial Chemical Industries, the Dutch-based DSM, the French-based Rhone-Poulenc and two German-based groups, BASF and Bayer—set up a naphtha price reporting scheme at the beginning of this year in an effort to counteract the impact of the spot market on contract prices. Their aim is to bring "greater transparency" to naphtha pricing.

The five publish the weighted average contract prices they pay for their naphtha each quarter but so far it has proved almost impossible to judge whether the scheme is having any impact.

Publication of the first set of figures coincided with the first drop in naphtha spot market prices. Spot prices for naphtha have now fallen back behind contract price levels and seem set to remain there for the rest of this year at least.

Sue Cameron
Martin Dickson

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Third World bitterness towards IMF

BY DAVID TONGE

"Blaming the IMF for a nation's economic problems is somewhat like blaming the doctor for one's sickness. . . ." — Mr. Anthony Solomon, former U.S. Under-Secretary of the Treasury, now president of the New York Federal Reserve Bank.

"The problems of my country and other Third World countries are grave enough without the political inteference of IMF officials. If they cannot help, at the very least they should stop meddling." — President Julius Nyerere of Tanzania.

THE DEBATE over the role of the International Monetary Fund in the Third World is becoming more acrimonious. Protests in Peru and Egypt against its austerity prescriptions have led to growing use of the phrase "IMF riots." The Government of Jamaica is only the latest of many publicly to condemn the Fund. Mr. Bulent Ecevit of Turkey and Mr. Mario Soares of Portugal are only the most recent national leaders who partially blame the IMF for their downfall.

More than ever the Third World is dependent on the IMF. An increasing number of developing countries face mounting problems paying their oil bills. Servicing the debts they have incurred since the 1974 oil crisis is straining their resources. Commercial banks are proving increasingly choosy about to whom they lend and how much. There are grave doubts about whether the banking system will be able to recycle the $87bn OPEC surplus predicted for 1981.

The developing countries know that the IMF has huge resources for lending; its assets total around $60bn and include stocks of gold exceeded only by those of the U.S. and West Germany. They also know that they often need the IMF's seal of approval: without it they may find it hard to borow from private sources.

But the developing countries have not been flocking to the IMF's door. Fearful of the conditions which the fund usually attaches to its lending, they have been steering clear of it in a way which worries M. Jacques de Larosiere, the IMF managing director. In 1978 non-oil developing countries repaid $900m more than they borrowed. In 1979 fresh advances of $1.6bn to this group only just exceeded their repayments of $1.5bn.

The debate on the principles involved goes back to a time before the fund took its present shape in the Bretton Woods negotiations in July 1944.

Keynes fought for what he dubbed an International Clearing Union. This was to extend the principles of domestic banking to international trada. But Keynes also wanted it to be expansionist; to give special attention and voting rights to smaller and poorer countries; to entitle countries to automatic access to funds; to have directors representing countries totally in the background and not politically active; and to be based outside Washington and not to be one of the minor desks at the U.S. State Department."

Most of that was opposed by Harry White, the U.S. chief negotiator. White proposed an International Stabilisation Fund. He saw it as "a very powerful instrument for the co-ordination of monetary policies for the prevention of economic warfare, and for an attempt to foster sound monetary policies throughout the world."

Keynes was out-manoeuvred. He chose the name which the IMF now bears, but White carried the day on virtually all else.

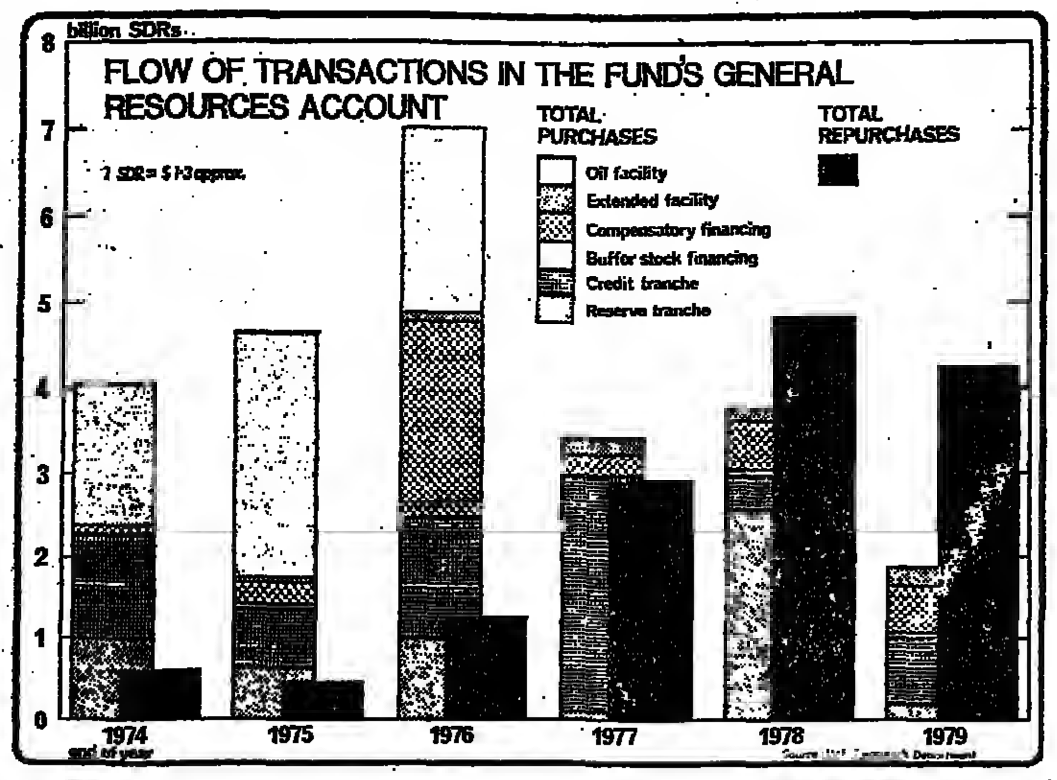
The charter of the IMF describes the fund as having six purposes. Most are concerned with the exchange rate system, but one is of particular importance to the developing world. It sets ont that the IMF is "to facilitate the expansion and balanced growth of international trade, and to contribute thereby to the promotion and maintenance of high levels of employment and real income, and to the development of the productive resources of all members as primary objectives of economic policy."

In practice development has never been a primary purpose of the IMF. But over the years it has gradually responded to increasing pressure from the developing countries.

Since its early days the IMF has allowed members to borrow a reserve tranche and four credit tranches. As with all Fund facilities, borrowing is related to the quota each couotry has with the IMF. In 1963 the IMF made its first institutional respoose to the demands of the *Third World*.

A facility to compensate members for shortfalls io export earnings was introduced. This compensatory financing facility was initially operated on a restrictive basis, but has since beeo liberalised. In 1969 a buffer stock financing facility was introduced to help developing countries whose foreign exchange earnings were hit by commodity-price fluctuations. It has been little used io practice.

Five years later an extended facility was set up to help members meet deficits in balance of payments over longer periods and for larger amounts. A temporary oil facility was also established. Most recently a supplementary financing facility, the so-called Witteveen Fund, was set up with $10bn of borrowed resources. To help low-income countries the IMF has a trust fund and administers a subsidy account to alleviate interest charged on borrowings under the oil facility.



The question now is whether the whole structure resulting from the original Bretton Woods principles and subsequent modifications is sufficient in today's conditions.

In cousidering the IMF, one major issue is that of "conditionality" — an inelegant word used to describe the often controversial conditions which the IMF attaches to almost all its lending. It is fundamental to the IMF's current approach that countries in balance-of-payments difficulties are required to stop living beyond their means, to adopt policies of austerity, deflation and devaluation.

Third World leaders like Mr. Michael Manley, Prime Minister of Jamaica, have long argued that these prescriptions are ill-conceived, unrealistic, largely irrelevant to their problems, and harsh. They stress that often their problems are externally caused—by falls in the prices of the commodities they export or by rises in their oil bill.

Recently the IMF has shown some response to such criticisms. It has increased the multiple of a country's quota which it is prepared to lend. It admits that quotas have long been lagging behind the growth of world trade.

When the IMF Board met on March 19 last year it reached agreement on three points. The first was that countries should be given longer to make adjustments.

The second was that, while continuing to include demand management in their policies, they should put greater empbasis on the "supply side" —oo boosting productioo and iovestment, and on belping employment. The third was to collaborate more closely with the World Bank in programmes to belp economies to adjust their structures.

But these points are not incorporated in the formal code of conditions which the IMF has laid down. This code, agreed in March, 1979, avoided repeating the fund's articles' statement that the IMF would respect the policies of members. Instead it stated that the IMF would pay due regard to their objectives—phrasing which is far less binding on the IMF.

The reaction of the commercial banks to the talk of change is especially significant. As long as the amounts advanced by the IMF remain relatively small compared with the borrowers' needs, its programmes will depend for their success on support from the banks. But the banks insist they are not aid agencies.

IMF staff are well used to fielding questions about "IMF riots" and do so with the eloquence born of conviction—

They insist they are often used as a political football

and with an occasional piqued tone. "The IMF does not starve babies," aggrieved but unprompted, they tell the visitor. They insist that they are often used as a political football.

There is no shortage of advice as to how the fund might adapt to the new demands being made on it. One suggestion is that it should attract needy countries to it by presenting a more outward-going fatherly image. If M. de Larosiere will lament in private that the poorest developing countries bave no access to the world's financial markets, should be not go on *the stump to stress that the* wealth of the North depends on markets in the South?

Another, somewhat conflicting, suggestion is that if the IMF had been less gentlemanly with countries such as Turkey when they first ran into trouble, there would be less need later on for the strait jacket. A third suggestion, made by the U.S. Treasury, is that more surveillance should be exercised over those countries which have a surplus on current account—that since every deficit is matched by a surplus there should be more symmetry in IMF discipline.

The formal response to such points ranges from a wry "that is not how the fund works," to a calm claim that such policies are impractical. But the IMF staff do discuss changes, as, in particular do the Executive Directors representing the developing world.

The task of these directors is unenviable. Traditionally, they are out-manoeuvred, out-voted, and out-argued by the developed North. Ten industrialised countries control 56 per cent of the vote, and the mechanics of representation are far from equitable. The British Executive Director, for instance, represents only his own country, and has the experience of both the Bank of England and the British Treasury at his beck and call.

In contrast, some developing countries are represented by directors from the North. Other directors represent up to 21 Third World countries. They complain that they have no proper technical back up, and some express suspicion of the IMF's own personnel. One executive director from a developing country says: "It takes five years to understand what the Board is talking about —and five years to realise bow the IMF staff is tricking you."

This may be the argument at its extreme, but it serves to underline the gap between the *expectations of the South and* the approach of the industrialised world which built and controls the IMF.

Letters to the Editor

Textile trade conflict

From Mr. Douglas Black

Sir,—Rhys David's recent article (May 20) highlights again the parlous state of international trade in textiles, to the traditional conflict between the nations of the rich north and poor south must now be added the wrangle between the U.S. and the EEC over synthetic fibres.

Your correspondent has already pointed out (January 10) that Europe's textile industries must shed jobs "on an alarming scale" if they are to survive, and also noted the crucial point that although EEC producers complain loudest about imports from low-wage developing countries, that pressure is arguably less significant than the threat posed by mass-production in Comecon countries and the U.S. In fact, in spite of the laudable intention of the last Multifibre Agreement, it has served to limit growth in imports from the Third World, while allowing other developed countries' imports to expand. Yet textiles are widely held to be vital for Third World industrialisation and development.

Surely we must now accept that international trade in textiles is regulated by a largely *ad hoc* and growing patchwork of "agreements" reflecting mainly negative, short-term, defensive postures which in the longer term in our interdependent world are counter-productive, and may lead to a dangerous trade war. Further, the serious unemployment problems expected from technological change in textile production and throughout Western industry must dictate a careful approach to the problem over the next few years.

Is it not then time for a new, positive and coherent approach to resolve the many strands of conflict in textile trade by attempting a genuinely global agreement which regulates trade between all interested groups—not just between Western producers and the weaker Third World suppliers? The renegotiation of the MFA next year provides an opportunity which should not be missed.

Douglas Black.
96, Craig Road, Glasgow.

Tinkering with the price index

From Mr. L. L. F. Blight

Sir, — A retail price index comprising of food (excluding items showing significant seasonal variations), housing, fuel and light, and the cost of public transport, as suggested by Mr. D. Ellis (May 29) would have shown an annual rate of increase of 22.5 per cent at April this year. This is almost identical to the actual increase in the retail price index for all items except seasonal foods, which rose by 22.4 per cent over that period.

In fact, as the all-items index includes an increase of nearly 4 per cent due wholly to the increase in VAT rates while the proposed index includes very few items subject to VAT, the underlying rate of increase for the latter is rather higher than the average.

Tinkering with the retail price index, presumably in the hope that a lower inflation rate will emerge, could well rebound on the *Government*. The new Tax and Price Index will show that when the July figures come to be published.

L. L. F. Blight.
129, Epsom Road, Guildford, Surrey.

Irreplaceable secretaries

From the Managing Director, Covent Garden Bureau

Sir,—The letter from Miss Hulse of Pitman's Colleges (May 29) highlights the already growing problem of distinguishing between secretaries and word processing staff.

Secretaries regard the new machines as impersonal and rather beneath them, the bosses think they're marvellous but may lack the courage to require their secretary to learn to use them, and the only person who gains is the typist who enthusiastically masters the machines, and soon finds employers prepared to pay very good salaries for those specific skills.

Miss Hulse will be horrified at the idea that experienced word processing operators should earn more than secretaries, but the trend that way is growing rapidly as the demand for word processing staff exceeds supply. Tomorrow's senior secretary needs to be happy to cope with all the new skills so that the boss can receive the all round service for which the secretary expects to be paid so highly.

David Fisher.
53, Fleet Street, EC4

Managers too old at 40

From Mr. E. Tonkinson

Sir,—Too old at 40 or thereabouts especially if you are a manager, have been made redundant or are unemployed. Michael Dixon's theme in the Job Column was particularly apposite in a week which saw the most gloomy authoritative forecast of the economy in the early 1980s, with more than a possibility of two million unemployed by 1981. It is likely that the current 100 per cent increase in male managerial unemployment, and over 250 per cent amongst female managers *during* the past *few* years, will be substantially increased in future. Of the 50,000 or so male managers (8,000 female) who are unemployed now, the highest unemployment rate exists among middle and professional managers and the lowest among top managers. And once managers are unemployed, they tend to remain unemployed longer than other folk — the middle-aged manager more so. The social waste, the waste of skill and the human misery and degradation engendered by the enforced idleness of unemployment cannot be measured, but when it is reinforced by prejudice against employing the middle-aged and those unemployed, it is doubly inexcusable in a so-called civilised society.

Having recently returned to part-time employment as a career consultant after suffering three years early retirement from my former full-time career as Director of the Institute of Personnel Management, I can personally testify to the stigma attached to those not in employment seeking a job—even part-time! It is a salutory thnught, albeit a sad nne, that as the microchip revolution gathers force, and mounting unemployment escalates in the mid-eighties, redundancy will affect most of ns during our working lives and happily we shall see a sea change in social attitudes. The touch nf adversity that makes the whole world kin.

Ernest Tonkinson.
Minster Executive,
28 Bolton Street, W1.

Shareholder participation

From Mr. W. Dennis Heymanson

Sir,—On the question of shareholder participation in monitoring of company results, shareholders could give advance notice of their question as in tha House of Commons, volume might be such that question and answer could be listed and circulated and this would not rule *out supplementaries*, or extempore questions.

At the recent BP AGM a very considerable time was spent by shareholders who bad come to grind political or cultural axes, generally ride their "bnbby horses," and let the bees out of their bonnets. The majority of those attending were interested in the security of their bread and butter, in particular the liberality of the latter. The patience of BP's chairman was phenomenal, in marked contrast to the chairman of Lonrho who at their last AGM in my view was correctly reported by a financial columnist as answering qnestions "brusquely."

Tha writer is a Lonrbo follower, but came away from their AGM depressed by the attitude of the "platform" to critics. Sycophantic pleasantries from the floor were lapped up. Critics were given short shrift, pertinent questions were considered an impertinence, the chief executive was mute. An example of "how to lose friends and antagonise people?"

From the Fitch Lovell AGM I quote an example of questioner irrelevance, where a shareholder held the floor for abont *20 minntes*, deploring Fitch Lovell's discontinuance of their one-time practice of presenting AGM attending shareholders with food parcels. Here again the chairman's replies were a model of courtesy, tact and diplnmacy.

W. Dennis Heymanson,
Activist Investments.
The Manor House,
Middleton-on-Sea, Sussex.

Boycotts and Arab trade

From Mr. Andrew Faulds, MP

Sir,—Last year, at the time when a Select Committee of the House of Lords was discussing the possibility of our enacting in this country anti-boycott legislation similar to that enacted in 1977 in the United States, proponents of the idea gave evidence purporting to show that American trade with the Arab World had nnt suffered since the enactment of the legislation. Hence, they argued that we in this country had no need to fear an adverse effect on our trade if we adopted similar measures. At the time, I thought the argument was based on a false analogy because oor trading position with the Arab World is very different from that of the United States.

However, I now learn that the argument was false even in so far as it denied that the legislation had had an adverse effect on American trade with the Arab World. I am informed that, despite steady growth in the gross dollar totals (a growth almost wholly attributable to the sale of arms to Arab Governments), the American percentage of the Arab market has been shrinking each year and that American firms are losing out in the competitive race with European and Far Eastern firms. For example, in 1979 America fell to the twelfth place in the list of countries undertaking construction contracts in the Middle East. I am further informed that the anti-boycott legislation, billed in America as a blow against the Arab Boycott of Israel, has meant in practice that American business firms trading with the Arabs are required to complete so much paperwork and to sort out among so many conflicting American jurisdictions as to *discourage all* but the most determined. The law has not broken the boycott, or helped to trade with Israel, or burt the Arabs. Only American firms have been the losers.

I hope you will find space to publish this letter as a means of bringing facts to the notice of those who were so stridently calling for this couotry to follow the American example. Of course there may be other, additional reasons for the decline in American trade with the Arab world, but it seems clear that the boycott legislation has been a significant factor in hampering American business in that region.

Andrew Faulds.
House of Commons, SW1

Refuelling in Oman

From the Chargé D'affaires, Embassy of the Sultanate of Oman

Sir,—I write with reference to the article on Oman (May 29) by Richard Jnbns to correct certain remarks attributed to *the Minister* of State for Foreign Affairs of the Sultanate of Oman.

Mr. Zawawi made absolutely no reference to American aircraft refuelling at Oman airfields in the course of U.S. operations in Iran on April 24-25. What the Minister said was that the Americans will continue to enjoy the same access to facilities as is accorded to other friendly countries: aircraft and ships in transit will be granted permission to refuel en passant. Such facilities will not he granted as a right, but will have to be applied for separately in each case. I am surprised to read that other inferences should have been ascribed to his remarks.

The Minister did not impute any criticism of Saudi Arabia's considerable assistance to the Sultanate of Oman, which has been in the area of development finance. The Minister expressed disappointment at the general lack of enthusiasm by other Gulf states for collective security arrangements for the Strait of Hormuz. This could not he interpreted in any way as an implied disapproval of Saudi Arabian assistance in other fields.

Hussain M. Ali.
64, Ennismore Gardens, SW7.

Today's Events

GENERAL

UK: Mr. William Whitelaw, Home Secretary, addresses joint coofereoce of Association of Metropolitan Authorities, Association of Chief Police Officers of England, Wales and Northern Ireland, and Association of County Councils, Torquay.

Mr. Norman Lamont, Energy Parliamentary Secretary, opens Manchester Rotary Club conference on future of nuclear energy in Britain.

Mr. Nelson Bunker Hunt challenges in Appeal Court £17m award to BP Exploration (Libya).

Lotteries Council introduces code of practice.

Announcement of linking of Sadler's Wells Royal Ballet and Barclays Bank International in Far Eastern tour.

Overseas: Ministerial two-day conference of Organisation for Economic Co-operation and Development starts, Paris.

Final day of Financial Times cooference on World Banking, Singapore.

Princess Anne starts three-day visit to Paris.

PARLIAMENTARY BUSINESS

House of Commons: Finance Bill, committee stage.

House of Lords: Solicitors (Scotland) Bill, second reading. Employment Bill, committee stage.

Select Committees: Environmeot. Subject: Council House sales. Witnesses: Thamesdown Borough Council and Crawley Borough Council. Room 16, 4.15 pm. Foreign Affairs, Overseas Development Sub-Committee. Witnesses: Commonwealth Development Corporation and Overseas Development Administration. Room 15, 5.15 pm.

OFFICIAL STATISTICS

UK official reserves for May. Capital issues and redemptions during the month of May.

COMPANY MEETINGS

Aqnascutum, 100 Regent Street, W, 12. Associated Book Publishers, 11 New Fetter Lane, EC, 12. Barrow Hepburn, Connaught Rooms, Great Queen Street, WC, 12. James Beattie, 71 Victoria Street, Wolverhampton, 2.30. Bentalls, Kingston, Surrey, 12. R. H. Cole, 852, Brighton Road, Purley, Surrey, 12. Electrical and Industrial Securities, Brewers Hall, Aldermanbury, EC, 12. Lyle Shipping, Trades House, Glassford, Glasgow, 12.15. Myson Group, Quaglinos, Bury Street, St. James's, SW, 12. Willis Faber, 10 Trinity Square, EC, 12.

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High interest restricts Marley growth midway

DESPITE much higher interest charges, of £4.96m against £2.1m, taxable profits of Marley, building products manufacturer, increased by £2.3m to £10.2m for the six months ended April 30, 1980. External sales expanded from £131.4m to £168.8m.

Profits for the whole of 1978-79 were a record £22.1m.

The directors state that high interest rates will continue to have a significant impact on profits for the rest of the year. And economic conditions, particularly in the UK and the U.S., will make it difficult for the improvement shown in the first six months to be continued in the second half, they add.

The interim dividend is increased by a third to 2p (1.5p) net—last year's final was 2.5p. Also proposed is a one-for-one scrip issue.

Trading profits, up 51 per cent at £15.16m against £10m, were split as to: UK £8.27m (£5.36m), and overseas £6.9m (£4.65m).

Six month's tax takes £3.49m compared with £1.31m, leaving net profits just ahead at £6.71m (£6.59m), giving earnings per 25p share of 6.4p (6.2p).

Despite projected higher trading profits, with the group's commitment to continuing capital investment for both growth and expansion, high interest rates for the immediate future will have an effect on earnings per share, the directors state.

The group, however, will be in a strong position to take advantage of improved economic conditions and lower interest rates, particularly in the UK and the U.S., they add.

After minorities of £271,000 (£332,000) the attributable balance came through at £6.44m (£6.26m).

Lex, Back Page

HIGHLIGHTS

The accounts for J. Sainsbury indicate a strong, positive cash flow but, as Lex points out, the food retailer is taking a far more cautious attitude to stock relief than it has been adopting recently. Marley's interim figures are also analysed by Lex and show that the building materials' manufacturer has lifted pre-tax profits by almost 30 per cent and is now looking to generate further growth in a generally sluggish construction environment through acquisition. The EEC Budget contribition changes, hammered out by Lord Carrington, appear to have been accepted by the Cabinet and Lex examines its effect on the Public Sector Borrowing Requirement and sterling parities. Lex, finally, looks at the first-quarter performance of VW and links its earnings shortfall to the current high level of capital spending.

Foseco expansion prospects

SIGNIFICANT opportunities for profitable expansion are seen at Foseco Minsep by continued generic growth and in specific situations, by acquisition, Mr. D. V. Atterton, chairman, says in his annual review.

More importantly, he states, the organisation of the group gives it the flexibility to adapt quickly to changing conditions, "and . . . we approach the future with genuine optimism."

Sales for the first quarter of 1980 are ahead of the corresponding period last year.

As reported on April 29, a static second half left taxable profits, for 1979, up by £1.06m at £18.43m from turnover of £226.5m (£202.4m). The dividend is increased to 6.41p (5.2443p) net per share.

On a CCA basis historic profit is reduced to £12.4m (£13.9m).

Group balance sheet shows fixed assets of £39.42m (£37.21m) and net current assets, lower at £32.4m against £34.6m.

At the year end there was a £2.77m decrease (£51,000 increase) in total nat borrowings.

Sharp rise for Century Oils

WITH SECOND-HALF profits trebled at £2.06m, Century Oils Group reports a pre-tax surplus of £3.57m for the year ended March 31, 1980, compared with £1.26m previously. Sales advanced from £22.66m to £39.09m.

First-half profits had jumped from £0.59m to £1.51m on sales up 65 per cent at £17.34m and it was then anticipated that these higher levels of sales would be maintained in the second six months.

Interest charges for the year rose sharply from £231,000 to £654,000. Tax was lower at £212,000 (£233,000) and after exchange losses and minorities, attributable profits came out at £3.33m, against £0.98m.

Stated earnings per 10p share surged from 11.46p to 33.5p, while the dividend is increased to 4.5p (3.0079p) net with a final of 3.7p. A one-for-one scrip issue is also proposed.

The group manufactures lubricants, industrial hygiene products and engine coolants.

● comment

A 50 per cent rise in product selling prices and rapid expansion overseas have pushed the profits of Century Oils on to a new plateau. Second half profits have more than trebled but this momentum will not be sustained in the current year. The growth in working capital has left the group with a £3.8m rise in total borrowings, despite a £1.3m rights issue last year, and servicing this extra burden will be a headache in the coming months. Mitigating this problem is a very high level of retained earnings—dividends are covered seven times and the tax charge is exceptionally low. Century says the impact of stock profits on its figures is not material and points out that the increase in raw material prices has outstripped the rise in selling prices. Much of the dramatic profits rise must therefore be attributable to overseas operations, which accounted for almost double their share of turnover to 23 per cent last year. The continued growth potential here is enough to justify a p/e of 48p on reported earnings. The possibility of a suitor for Century gives added gloss to the shares which rose 11p to 165p yesterday.

Record £1.55m for F. Gates

AS FORECAST at the interim stage, 1979 was a record year for Frank G. Gates, main Ford dealer. After the first half advance from £713,885 to £966,461, the full year's pre-tax profits reached £1.55m, compared with £1.23m, on turnover up £9.83m to £34.39m.

Tax charge was down from £645,300 to £179,081 and earnings per 25p share came out at 20.4p (8.9p). The dividend is effectively raised from 1.275p to 2p net.

There was an extraordinary debit of £82,489 this time, comprising goodwill written off.

Strong base at London & Northern

ALTHOUGH HE says that high interest rates, Government policies and continuing inflation will inevitably affect results, Mr. J. H. M. Mackenzie, chairman of London and Northern Group, looks forward to a reasonable outcome for 1980.

He tells members in his annual review that the geographical spread of the group's selected interests — civil engineering, building products, plant hire, metal reclamation, engineering — has enabled it to progress, "and we have created a strong trading base with a substantial work load in the UK and abroad."

As reported on May 21, taxable profits for 1979 improved to £12.88m (£11.77m) on turnover of £228.2m (£173.8m). The dividend is 3.75p (3.35p).

As at December 31, 1979, the group's balance sheet shows fixed assets of £35.45m (£29.58m), and net current assets amounting to £18.95m (£17.58m) — bank overdrafts £18.6m (£9.53m).

Govett European pays 1p more

The net interim dividend of Govett European Trust is being stepped up from 1.8p to 2.8p. The directors say they hope to post the circular formally proposing the scheme of unitisation of the trust in July or August.

Discussions with the Department of Trade relating to the new authorised unit trust are at an advanced stage. The provisions of the current Finance Bill affect unitisations generally, but as the result of representations made to the Inland Revenue it is expected that the new legislation will not be detrimental to the proposals, the directors say.

Upward trend continues as Percy Bilton passes £6m

WITH second-half pre-tax profits moving ahead from £2.79m to £3.32m, Percy Bilton, property investment, development and civil engineering group, reports figures for 1979 as a whole up from £5.53m to £6.08m. This is the 13th successive year of improved profits.

After tax down from £2.36m to £1.58m, stated earnings per 25p share are 12p against 9.2p, and the final dividend is down from 4.63584p to 4.4p for a total of 6.9p (6.89709p).

There was an extraordinary credit this time of £478,000 (nil).

A professional revaluation of the company's properties on an open market investment value at December 31, 1979 shows a value of £118.02m. Mr. Percy Bilton, the chairman, says that rent reviews are continually being negotiated and the increases achieved, together with the group's development programme, makes for quiet optimism for the future.

For the first time in its history, the group found it necessary to write-off sums in respect of a property development. The particular property was inherited as part of a larger transaction.

The private housing division had an excellent year, contributing substantial profits to the group. The demand for the group's houses was buoyant. The atrocious weather in the winter and spring affected the construction and civil engineering division, and the accumulation of unsettled contract claims can escalate to substantial sums, says Mr. Bilton. These can, however, make a considerable contribution to future profits.

He says the early months of the current year indicate an improvement in profitability over last year.

Turnover in 1979 was lower at £31.52m against £32.06m, but investment income was up from £5.95m to £6.58m. Trading profit was down from £1.79m to £1.22m.

Fixed assets amounted to £55.67m (£51.7m) and net current assets are £3.65m (£3.72m). There was a net increase in funds of £2.82m against a decrease of £663,000 in the previous year. The group's properties have been professionally valued at £118.02m at the year-end.

● comment

The conservative dividend policy at Percy Bilton damped down any enthusiasm the market might have felt for the higher profits. The shares slipped 5p to 190p, where they yield 5.2 per cent and discount by some 30 per cent net asset value after December's revaluation. Construction and engineering had an understandably hard time, but the group reports that the current year has opened strongly in both housing and, more surprisingly, public sector work. The gentle rise in investment income reflects the relatively short-term rent review basis on which much of the property is let. Over half is reviewed every five years or less. If the discount to assets is taken as an indication of any market unhappiness with Bilton, that may be attributed to the vulnerability of industrial rental growth to recession.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Century Oils	3.7	Aug. 9	2.4	4.5	3.01
Anglo American Corp.	50§	July 25	32	70	46
Percy Bilton	4.4	—	4.64	6.9	6.89
EMAP	1.75	July 15	0.87*	2.75	1.74*
Frank G. Gates	2	—	1.28*	2	1.28*
Govett European ... int.	2.8	July 1	1.8	—	1.8
Marlborough Prop.	0.3	—	0.28‡	0.3	0.28‡
Marley ... int.	2	Aug. 7	1.5	—	4
Martin Newsagent ... int.	3.6	July 3	3.26	—	8.8

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ For 18 months. § South African cents throughout.

Selincourt looks for recovery

Selincourt, the textile group which takes in the Frank Usher, Macdougall, Tricosa and Linda Leigh brand names, is looking for "a steady climb back to our earnings capability."

Pre-tax profits in the year to end-January last dived from £4.56m to £2.06m as a result of high interest rates, uncompetitive sterling parities and, above all, the sudden and totally unexpected fall in High Street demand at about the beginning of last June.

Mr. Lionel Leighton, chairman, tells shareholders in his annual report that "in the early months of the current year there have been clear signs of improving trade and the steps taken last year in preparation for an upturn will stand us in good stead."

The accounts reveal a net cash outflow of £2.63m as a result of high stock levels and a net attributable loss of £387,000 before the £948,000 cost of the annual dividend.

Capital spending, which reached £2.5m in 1979-80, will be cut to about £1.7m this time, chiefly concentrated on the final extension to the Filigree plant.

● comment

The lesson that the garment trade was forced to learn all over again last year was that demand for high fashion textiles can disappear overnight. It was almost exactly at this point in 1979, Selincourt estimates, that the high street turned sour and the resultant level of overstocking has left deep scars on the balance sheet and profits. The merchanting and most of the up-market outerwear subsidiaries, by contrast, won substantially higher orders since about March and the group is now talking a substantial element of recovery even if Filigree's additional output is still proving difficult to move, suede and leather and the German operation are still in loss and there is nothing on the macro-economic front to suggest any easier trading conditions. Cash flow has been contained in the first quarter, nevertheless, and the overall debt position could be reduced by perhaps £1m in the next balance sheet. On top of that, Selincourt expects to take about £1.5m out of Suede and Leather this year and there should be substantial scope to generate cash from the freehold property portfolio. The margin on sales to Marks and Spencer, however, is still very low. Taylor Merrymade, for instance, contributed just £100,000 pre-tax on turnover of £8.5m and whether the meeting with this important customer next week eventually provides room to reach for the target 7 per cent margin remains to be seen. In the meantime, it comes as little surprise that the market capitalisation of some £8.5m is less than half published net worth.

Good start, but Dunlop cautious

TRADING PROFIT of Dunlop Holdings, the diversified tyre, industrial and consumer products manufacturer, in the first four months of 1980 was ahead of that earned in the comparable period of last year. Its chairman, Sir Campbell Fraser, told yesterday's annual meeting that the group hoped to sustain this modest improvement over the year.

It would be "foolhardy" to attempt to forecast the outcome for the year with any degree of assurance or optimism, he added.

"We are driving hard for substantial improvements in productivity; we are placing special emphasis on high quality and we are concentrating our efforts on a narrower range of premium products," he said.

"So you can take it the recovery programme is on schedule and we hope to see the benefits in the second half of this year," he added.

Sir Campbell discounted Press reports of heavy Far East buying of Dunlop shares. But he later disclosed that buying had been evident from Hong Kong, Singapore and Malaysia. And suggested that Far Eastern groups could control around 5 per cent of the equity.

Fothergill & Harvey

Profits for the first four months of 1980 were on target and ahead of last year's figure, Mr. J. A. Jordan, chairman of Fothergill and Harvey, said at the annual meeting.

This good start, coupled with the specialised nature of many of the company's products, should help insulate it from the worst effects of the forecast recession, he added.

The company had found a degree of reluctance on the part of some customers to place forward orders. How much this was due to de-stocking exercises or to falling demand was difficult to say.

Marlborough Property at £110,809

Pre-tax profits of Marlborough Property Holdings were £110,809 for 1979 on turnover of £2.39m. These are compared with £326,872 and £2.46m respectively for the previous 18 months.

After tax of £28,302 (£8,639) net profit was £82,507 (£318,233) giving earnings per 5p share of 0.52p (1.98p), and the dividend is 0.3p net, compared with 0.2814p for the previous 18 months.

The company changed its name from Chown Securities in October, 1978.

OF SPECIAL INTEREST TO INVESTORS

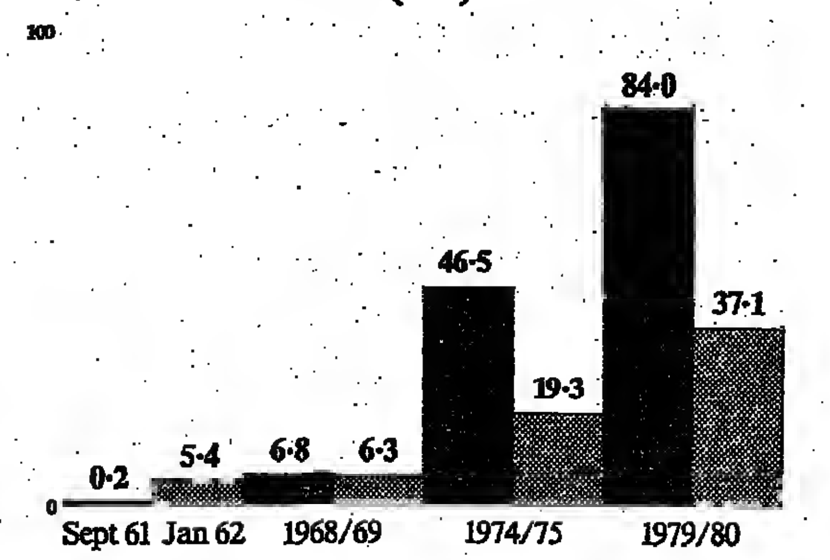
Has LONRHO been a poor investment?
Has HOUSE OF FRASER been a good investment?

£100—invested in the House of Fraser shares in 1961 would in March 1977 be worth **£120.** Net dividends together with interest derived from the dividends have provided **£77** in 16 years with ten years under the present chairman.

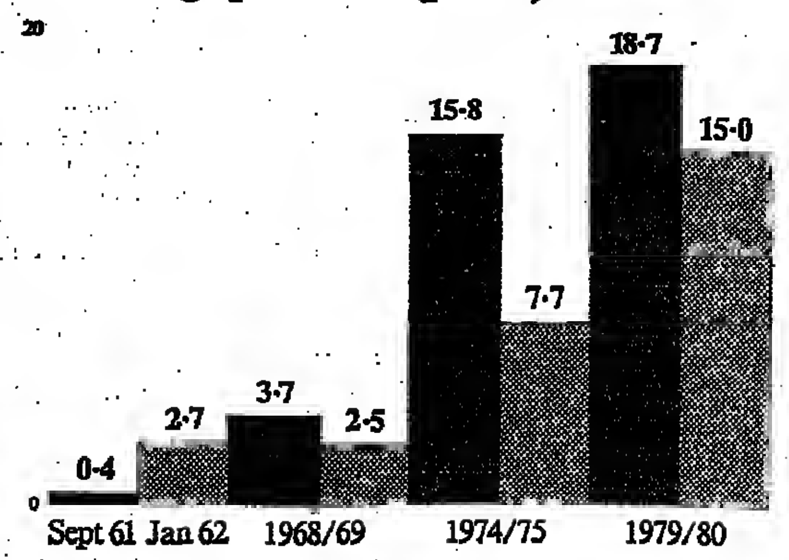
£100—invested in Lonrho shares in 1961 would in March 1977 be worth **£1,697.** Net dividends together with interest similarly derived have provided **£710.**

The cut-off date for the above comparative figures is March 1977. At that date Lonrho's first investment in the House of Fraser through SUITS began to distort Fraser's share price.

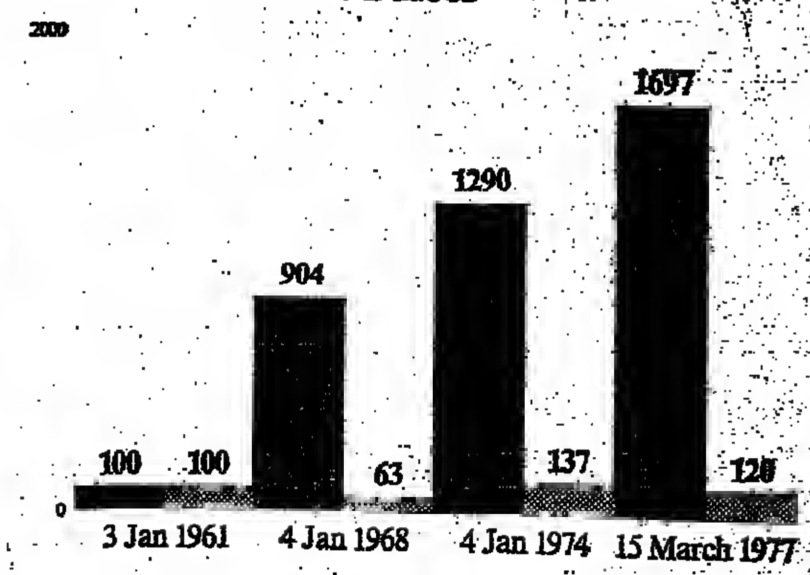
Profit before tax (£m)



Earnings per share (pence)



Index of Share Prices



Sources:
Profit before tax and earnings per share:
Published accounts and financial records adjusted to reflect accounting policies presently adopted and scrip and rights issues for both companies.
Adjusted share prices: Datastream and Stock Exchange Daily Official List.

LONRHO
Lonrho Limited, 138 Cheapside, London, EC2V 6BL.
Copies of Lonrho's annual Report and Accounts for 1979 are available from the Secretary.

Lonrho
House of Fraser

EMAP advances 57% and steps up dividend

AS EXPECTED, profit growth at East Midland Allied Press slowed down in the second half of the March 29, 1980, year, but the taxable surplus for the full period finished 57 per cent ahead from 2.1m to a record £3.3m. Turnover expanded by 33 per cent to £32.3m.

And the dividend is effectively increased to 2.75p (1.7384p) net per 2p share with a final payment of 1.75p.

After tax of £889,392 (£767,73) net profit came out at £2.42m (£1.62m) giving earnings per share of 12p (8p).

Profits in the first half had risen from £944,000 to £1.65m.

The directors state that the provincial newspaper division enjoyed substantially larger advertising revenues for the year and together with relatively stable newsprint prices, improved its profits by 48 per cent.

The launch of a weekly publication by the national publications side held back profit growth since launch costs were written off, but the majority of the other publications showed an improvement.

After a substantial loss the previous year, due to installation costs of a new press at Peterborough, the contracts printing sector moved into profit in 1979/1980, and the retail division made a satisfactory advance.

Profits for the year were struck after this figure, depreciation of £818,686 (£571,471), interest £36,494 (£58,688), and included investment income of £128,079 against £27,059.

Dividends will absorb £557,453, compared with £346,886 leaving an amount retained of £1.86m (£1.28m).

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims—MEPC, Thomas W. Ward.
Finals—Atkins Brothers (Hosiery), De La Rue, Harrisons and Crosfield, Parkland Textile, Reed International, Scotcros, Sketchley, Tank Consolidated Investments, Transparent Paper.

FUTURE DATES

Interims—	
Burco Dean	June 5
Dobson Park Industries	June 6
Trident Television	June 24
Finals—	
Associated British Foods	June 9
Chamberlain Phipps	June 16
Electronic Rentals	June 5
Highams	June 4
Locker (Thomas)	June 4
Macanie (London)	June 6
Pawson (W. L.)	June 8
Rowlinson Construction	June 11
Westbrick Products	June 17

● comment

The employees of East Midlands Press certainly seem to have earned their share scheme. The turn-round in the contract print division, where the new plant is finally working smoothly, coupled with a strike-free year for the group, has upped earnings per share by a half. The slow-down in regional Press advertising during the provincial dispute was offset by the TV strike, bringing a net increase in advertising revenue, while the expansion and personnel training drive in retailing has also brought useful improvement. The trading outlook is duller for the current year, with the group targeting maintained profits for its traditional activities. But there should be a boost to earnings from the non-recurrence of last year's £600,000 start-up costs on "Match Week." Contract printing might also be expected to turn in a substantially better performance, having started the year in the black; but IPC is an important customer, and the current strike there must be having an effect. An interesting pointer for the future is the group's 12 per cent participation in a consortium bidding for the East Anglia television franchise. But evaluation of this venture must await clarification of how breakfast-time and fourth channel franchises will affect revenues. At 81p np up, the yield is 5 per cent on a fully-taxed historic p/e of 10. Fully enfranchising the "A" shares would do the price no harm.

£0.2m fall midway for Martin the Newsagent

REMOVAL COSTS and sharply higher interest hit Martin the Newsagent in the half year to March 30, 1980, and taxable profits fell from £2.27m to £2.07m. Sales, excluding VAT, rose by £5.08m to £49.22m.

The directors say that moving the warehouse from Woodford to Tamworth and the head office from Woodford to Brentwood cost some £175,000. Interest charges increased to £182,000 (£68,000), while investment income was lower at £16,000 (£36,000). Depreciation rose to £462,000 (£343,000).

However after substantially lower tax stated half-year earnings per 25p share were up from 25.5p to 26p.

The net interim dividend is up from 3.2638p to 3.6p—last year a total of 8.5p was paid from record pre-tax profits of £3.36m.

With tax taking £375,000 (£610,000) and an extraordinary credit of £285,000 (£40,000), the retained balance was ahead from £1.48m to £1.74m.

The directors say six established stores were bought in the half year, and they estimate 15 will be acquired over the year, while six new sites were opened, with 11 expected for the year. Branches sold or closed totalled eight with a full-time estimate of 18, giving a net increase of four (eight).

The total number of branches was 492 at the end of the half-year, expected to rise to 496 at the year-end.

BSG aims for recovery in 1980

EVERY ENDEAVOUR will be used to bring profits of BSG International back to more acceptable levels, Mr. Harry Cressman, chairman, tells shareholders in his annual review. This would be done in spite of the difficult economic climate in which the company is operating.

The high cost of money and the capital investment requirements of the group "make this an even more difficult task, but we have the confidence and determination to achieve this objective for the benefit of both shareholders and employees," he adds.

As reported on April 24, pre-tax profits of this Birmingham-based industrial holdings company fell from £8.35m to £5.02m in 1979. The dividend is being reduced to 2p (2.3811p) net. On a CCA basis, the taxable surplus was cut to £2.98m last year.

Group current assets were up from £73.27m to £88.38m at the year-end, including bank balances of £0.97m (£1.1m). Current liabilities rose from £60.47m to £76.35m, of which bank loans and overdrafts amounted to £26.28m (£14.4m).

Working capital increased by £11.11m (£2.28m) during the year.

Meeting, Excelsior Hotel, Birmingham Airport, June 27, 10.30 a.m.

Sainsbury's £132m surplus on property revaluation

A VALUATION of J. Sainsbury properties at open market value carried out by the company's own qualified staff at March 1, 1980, has revealed a surplus of £132m over the book value of £144m.

The valuation, which has not been incorporated in the accounts, covered the freehold and leasehold shops, offices and depots owned by the company, excluding properties in the course of development and leasehold property subject to early termination or to an early rent review by the landlord to market rental value.

Certain freehold and leasehold properties were revalued at open market value in March 1973 by Healey and Baker and/or G. L. Hearn and Partners. This valuation was included in the accounts at that date and additions since then have been included at cost.

Following the formation last year of a joint company with the Belgian retail group GB-Inno-BM to establish a chain of do-it-yourself stores, it is hoped to open the first within a year and in two years to reach the rate of five new stores a year, says Sir John Sainsbury, chairman, in his annual statement. As far as possible, these will be located in association with Sainsbury supermarket developments.

He believes the company can look forward to an early and increasing contribution from SavaCentre, the hypermarket concern owned jointly with British Home Stores. Two stores were operating throughout 1979 and a third was opened in Basildon just after the year-end. The fourth store is due to open later this year at Oldbury, West Midlands, and the fifth in Reading in 1981.

Group pre-tax profits rose by 34 per cent to £43.82m (£32.6m) in the year to March 1, 1980, as known. On a CCA basis, the taxable surplus is reduced to £35.88m (£26.33m).

Current assets were up from £97.23m to £155.31m at balance date, including substantially higher cash at £30.35m (£10.96m). Current liabilities amounted to £168.26m (£110.2m), of which bank overdrafts and unpresented cheques totalled £25.22m (£25.42m).

Working capital fell by £8.33m during the year, compared with a £1.04m rise. Net liquid funds increased by £9.59m (£4.15m decrease).

Future capital expenditure amounted to £93m (£70m), of which £67m (£53m) was authorised but not contracted for.

Meeting, Connaught Rooms, WC, on July 2 at noon.

Lex, Back Page

Further delay for Change Wares results

Publication of the final results of Change Wares, the wire mesh fittings group which has already forecast a loss of over £1m for 1979, have been further delayed.

The results were expected to be available by mid-May but the company announced that "it was now unlikely that the final results will be anounced before the beginning of July."

The company, which underwent a big boardroom re-organisation earlier this year, said in March that preliminary indications were that a trading loss had been incurred for the year and because of non-recurring items this would be increased to over £1m. This contrasts with a first half profit up from £280,000 to £326,000.

The company would make no comment on the delay yesterday.

Hallam Group cuts deficit

LOSS, before tax, at Hallam Group of Nottingham, maker of system buildings, was reduced from £565,000 to £339,000 for 1979, on turnover slightly higher at £10.09m, against £9.87m. At half-time, the deficit had been cut from £379,000 to £152,000.

There was a tax charge for the year of £146,000 (£670,000 credit). Again no dividends are payable on the ordinary or preference shares.

The company's ordinary capital is held jointly by Montague L. Meyer and May and Hassell.

Euroferries sees 'useful' rise for the current year

EXPRESSING MORE optimism about the current year than 12 months earlier, Mr. K. D. Wickenden, the chairman, of European Ferries says he will be surprised if 1980 results are not "usefully" ahead of those for 1979.

Last year, pre-tax profits showed a modest increase from £25.9m to £26.95m on turnover of £170.74m (£151.98m)—as reported May 16.

Mr. Wickenden states that during the next few years profitable use has to be found for the significant cash flow the group's business produces.

Current areas being investigated include oil exploration as part of consortia, application for a television franchise and a fairly major involvement in the leisure industry at home and abroad.

A divisional breakdown of 1979 turnover and profits before tax shows (with £000s omitted): shipping £136,946 (£127,014) and £16,660 (£18,329); harbour operations £18,130 (£14,160) and £2,124 (£2,115); financial services and property £15,660 (£10,804) and £3,166 (£5,410).

Members are told that the group's new class of ships enable the board to face the future with confidence and it will shortly be considering the next stages of the group's shipbuilding programme.

The level of tourist bookings for the coming peak season is most encouraging, the chairman states, and, provided this increase follows through into carryings, improved profits are anticipated this year from shipping. It will, however, be a difficult year for freight traffic, the volume of which is not expected to increase to any marked extent.

New facilities at Felixstowe port will not become fully operational until 1981 and therefore, 1980 will not see a contribution from this investment.

A good flow of profits for some years to come is expected from the financial services and property division, and markedly improved results for 1980 are forecast.

Meeting, Connaught Rooms, WC, June 24, 11.30 am.

EUROPEAN OPTIONS EXCHANGE

Series		July Vol.	July Last	Oct. Vol.	Oct. Last	Jan. Vol.	Jan. Last	Stock
ABN C	F.300	—	—	6	8.50	—	—	—
ABN C	F.310	5	1	—	—	—	—	"
AKZ C	F.22.50	58	2.20	—	—	4	3.40	"
AKZ C	F.25	15	0.60	25	1.50	—	—	"
AKZ C	F.27.50	—	—	5	0.70	—	—	"
EK C	$45	7	8⅜	—	—	—	—	$53
FNC C	$20	8	1¼	—	—	—	—	$21
NEI C	F.65	8	1.50	7	4	—	—	—
NEN P	F.48	10	0.30	—	—	—	—	F.61.50
NEN P	F.52	5	03.0	—	—	—	—	"
NO C	F.20	20	0.20	—	—	—	—	—
IBM C	$50	25	6⅛	—	—	—	—	$55¾
IBM C	$55	—	—	5	4½	—	—	"
KLM C	F.60	10	10.10	—	—	—	—	—
KLM C	F.70	13	3.20	—	—	—	—	"
KLM C	F.80	5	0.60	—	—	—	—	"
KLM P	F.60	—	—	1	2.50	—	—	"
NAT C	F.100	5	8.60	—	—	—	—	F.107.10
NAT C	F.104.50	5	5	5	7	—	—	"
NAT P	F.100	2	0.70	—	—	—	—	"
NAT P	F.104.50	3	1.20	—	—	—	—	"
NN C	F.110	—	—	22	5	—	—	"
NN C	F.120	—	—	5	1.70	—	—	"
NN P	F.110	—	—	6	4	2	5	"
NN C	F.120	—	—	12	13	—	—	"
PHI C	F.20	10	0.20	—	—	20	0.90	"
PHI C	F.22.50	—	—	10	0.30	—	—	"
RD C	F.150	23	11	20	13.50	—	—	"
RD C	F.160	616	4.50	1	7.20	2	—	"
RD C	F.170	144	1.20	70	3.10	—	8.40	"
RD P	F.140	—	—	10	1	—	—	"
RD P	F.145	10	0.70	10	2	—	—	"
RD P	F.150	45	1.10	20	4	22	5	"
RD P	F.160	128	3.80	50	8.50	—	—	"
UNI C	F.110	—	—	4	6	—	—	F.108.70
UNI C	F.120	—	—	—	—	4	2.20	"
		Aug.		Nov.		Feb.		
BA C	$35	10	2⅛	—	—	—	—	$34⅜
BAS C	DM140	8	6	—	—	—	—	"
BAS C	DM.150	2	1.50	—	—	—	—	"
OXY C	$20	—	—	—	—	3	7¾	$25½
OXY C	$25	14	2½	—	—	—	—	"
OXY C	$30	—	—	14	1⅛	—	—	"
SLB C	$110	6	6	4	10¾	—	—	$110
SLB C	$120	7	2	6	5	—	—	"

TOTAL VOLUME IN CONTRACTS 1178

C=Call P=Put

The Bank of Tokyo, Ltd.

Sutherland House,
3 Chater Road, Central
Hong Kong.

NEGOTIABLE FLOATING RATE U.S. DOLLAR CERTIFICATES OF DEPOSIT SERIES 101 DUE 2ND JUNE, 1983

We hereby certify that the rate of interest payable on the above mentioned Certificates of Deposit for the interest period beginning on 2nd June, 1980 and ending on 2nd December, 1980 is 10⅛% per annum.

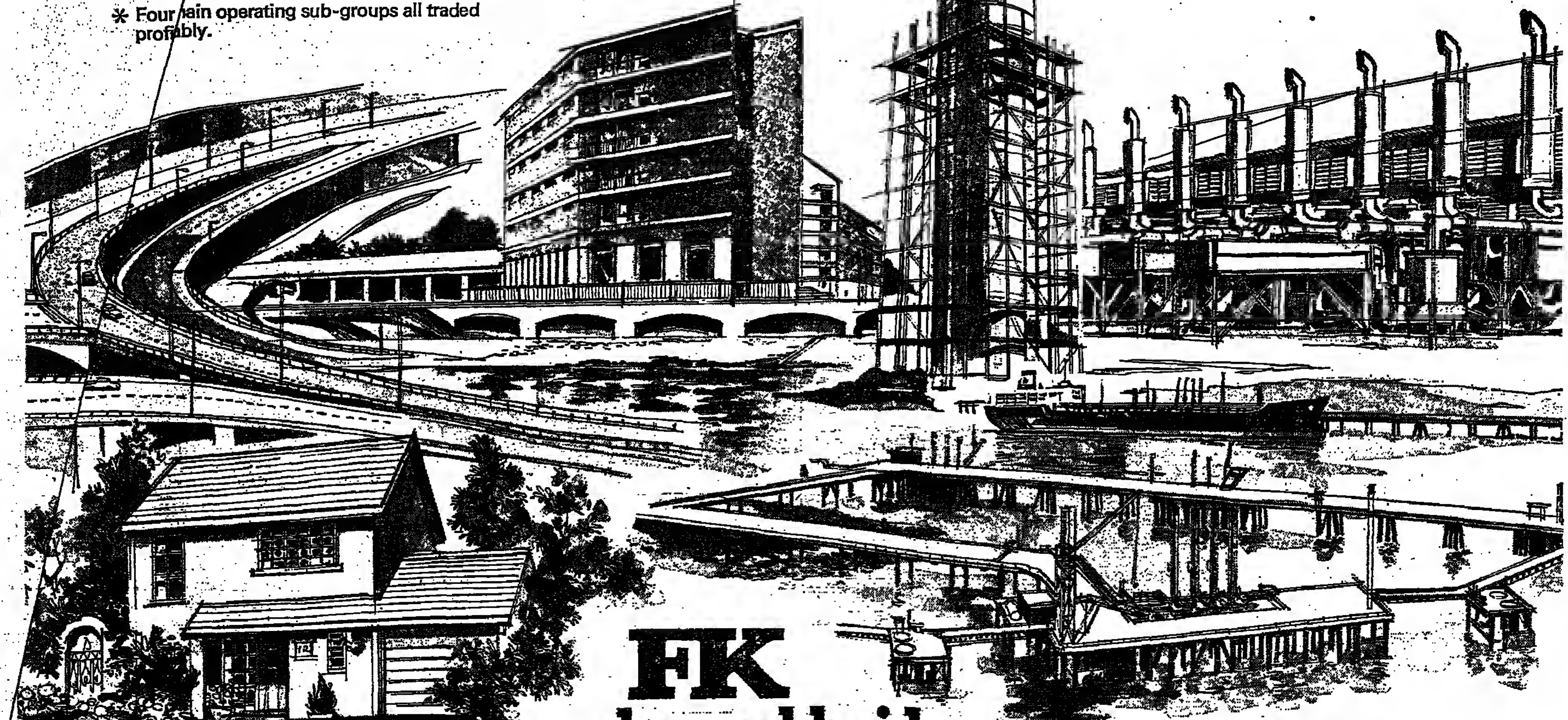
Agent Bank:
Morgan Guaranty Trust Company
Hong Kong

French Kier record cleared–£8 million

✻ Group taxable profit a record at £8,266,000 (1978–£7,52,000).
✻ Earnings per share up 24% at 10.2p (1978–8.2p).
✻ Substantial extraordinary profit from sale of completed development.
✻ Total dividend recommended for year (including special non-recurring dividend of 0.28p net) at 2.5p net (4.3% gross) (1978–1.925p net (11.5% gross)).
✻ Shareholders' funds at record level of £28.0m (1978–£23.2m).
✻ Four main operating sub-groups all traded profitably.
✻ Order books maintained in mainstream business.
✻ Further improvement in results of Products and Services and Property Development and Investment anticipated.
✻ Reasonable outcome to Group's operations anticipated for 1980.

Highlights from the circulated statement of the Chairman, Mr. J. C. S. Mott, F.I.C.E., F.I.Struct.E., for the year 1979.

YEAR'S RESULTS	1979	1978	
Group taxable profit	£8.2m	£7.5m	+10%
Earnings per share	10.2p	8.2p	+24%
Dividend per share	2.5p	1.925p	+30%
Profit retained	£4.9m	£2.7m	+81%
Shareholders' funds	£28.0m	£23.2m	+21%
Net cash position	£11.2m	£8.7m	+29%



FK works worldwide

French Kier Holdings Limited

UK COMPANY NEWS

AB ELECTROLUX

Further growth expected

The Annual General Meeting of AB Electrolux was held on May 23, 1980 in Stockholm and a dividend of Swedish Crowns 7.50 per share was declared.

In his speech at the meeting the Managing Director, Mr. Gösta Bystedt, said that group sales during the first four months of the year were approximately 26% better than last year. The group trading profit for the same period is expected to show a similar increase. He, however, did not think that this growth would be maintained for the whole year because of the economic recession in some countries. There was, therefore, no reason to deviate from the forecast already given for 1980 of an increase of 10% in the results for the group, exclusive of the Granges group.

Measures taken during the seventies, which resulted in an enlarged product programme, increased number of markets and a widened distribution network combined with volume growth, have created opportunities for additional growth of sales and profits.

Additional product lines acquired during the seventies generally show a satisfactory result. This has resulted in the group becoming less dependent on household goods whose share of the group profit has, over the years 1970 to 1979, decreased from 88% to 66% while at the same time the group profit in absolute figures has increased from 113 to 915 million Crowns.

The most important event during 1979 was the acquisition of the Tappan company in the U.S. which, together with the earlier acquisition of National Union Electric Corporation, is aimed at strengthening the group's position in the American market for household goods. Through Tappan, Electrolux has also got access to an excellent range of microwave ovens for which an increasing demand in Europe is expected.

Referring to the position on the Stockholm Stock Exchange of the Electrolux shares, Mr. Bystedt was doubtful whether there was a relationship between the number of shares and the Stock Exchange price and emphasised that, during the seventies, the number of Electrolux shares had increased by some 1.3 million while during the same period some 3 million shares had been withdrawn from the stock market through Electrolux acquisition of Swedish companies registered on the Stock Exchange.

Having regard to the favourable product mix within the Group and its competitiveness, Mr. Bystedt expected an increasing profit capacity during at least the first few years of the eighties for which it is now possible to make rough estimates.

Electrolux shares are quoted on the London Stock Exchange and the price listed daily in this paper. Copies of the Annual Report for 1979 in English will be available after June 23 from Baring Brothers & Co., Limited, 88 Leadenhall Street, London EC3A 3DT.

Electrolux

MINING NEWS

Anglo's earnings climb 52% to record R307m

BY KENNETH MARSTON, MINING EDITOR

SUITABLY, gold and diamonds decorate the record results for the year to March 31 of the Anglo American Corporation of South Africa mining and industrial giant. Net profits before extraordinary items have advaoced 52 per cent to R306.6m (£167m), or 136.1 cents per share, from R202m in 1978-79.

A final dividend of 50 cents (27p) lifts the past year's total to 70 cents from the previous year's total of 46 cents.

The extraordinary itema boil down to a net debit on this occasion of R2.4m, the main factors being a provision of R22m against the investment in Cleveland Potasb and a credit of R16.4m arising from the net profit on disposal of investments.

While the group's interests cover virtually every aspect of mining together with major industrial and financial activities, gold is the main source of investment income and will bave provided about balf of this in the paat year thanks to the riaing tide of gold mining dividends.

Diamonds come next in the investment income league and although the market for the stooes bas now boiled-over, the results of the previous boom are reflected in Anglo's latest figures.

	1980 Rm	1979 Rm
Investment income	321.4	220.6
Interest and fee income less expenses	113.9	82.8
Trading profit	8.4	6.4
Surplus*	13.4	11.8
Making	457.1	323.4
Interest paid	53.4	44.1
Costs of prospecting	17.2	11.8
Provision against loans	4.0	2.5
Profit before tax	382.5	265.0
Taxation	24.8	18.9
Net profit	357.8	248.1
To minorities	46.5	42.7
Preference dividends	4.5	3.4
Attributable to Ord.	306.8	202.0
Ordinary dividends	157.7	103.0
Extraord. debits	2.4	8.9
Retained	146.5	92.1
Brought forward	10.7	17.5
Lease adjustment	0.1	†1.1
To reserves	140.0	100.0
Leaving	17.1	10.7

* On realisation of general investments. † Plus.

The market value of the group's investments at March 31 had climbed to R5.42bn from R3.38bn.

Just how far the world economic recession will affect Anglo in the current financial year is impossible to assess at this stage. But the group's financial defences are well-nigbt impregnable and the gold mining income is still rising while dividends from the diamood investments should be at least maintained despite the cooler conditions being experienced in that industry.

Spanish asset distribution from Tharsis

IN ORDER to comply with Spanish law, the British Tharsis Sulphur and Copper proposes to pot its Spanish pyrites mining interests and the industrial assets there into a new Spanish-registered company, Minas de Tharsis. The existing UK company will retain its non-mining and non-industrial property.

The reconstruction scheme proposes tbat the 500 pesetas shares (bearer) in Minas de Tharsis be given to the Tharsis which would then pass them on to its own shareholders in the ratio of one share in the new Spanish company for every two held in Tharsis.

Thia transfer of assets will be recognised by a £4.55m reduction in the Tharsis share capital. It will mean the lowering of the present nominal value of the shares from £2 to 25p each.

The record date for entitlement to the issue of Minas de Tharsis bearer shares is September 25. Holders of Tharsis bearer shares have to lodge their coupons (No. 82) by September 11. The scheme is expected to become operative on September 26.

Of future prospects, Tharsis says that for Minas de Tharsis higher prices for pyrites will help to offset increased costs this year and sales should be at least maintained. It is pointed out that on the basis of last year's results, the new company would have paid dividends totalling 33 pesetas (20p).

On the same basis, Tharsis would bave paid a dividend of 1p from earnings on the assets the UK company is to retain. For 1979 Tharsis paid a total dividend of 12p. The existing shares are around 200p.

M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212

1979-80 High	Low	Company	Price	Change	Gross Div (p)	Yield %	P/E
99	59	Airsprung	59	−1	6.7	11.4	3.5†
50	26	Armitage and Rhodes	34	—	3.8	11.2	2.2†
280	185	Bardon Hill	280	+3	13.8	4.9	8.2†
100	78	County Cars 10.7% Pf.	78	—	15.3	19.6	—
101	63	Deborah Ord.	92	−1	5.0	5.4	10.1
125	88	Frank Horsell	121	−1	7.9	6.5	7.5
129	95	Frederick Parker	95	−1	12.8	13.5	4.4†
156	102	George Blair	104	−1	16.5	15.9	—†
73	45	Jackson Group	73	—	6.0	8.2	2.8†
153	105	James Burrough	105	—	7.2	6.9	9.2
300	242	Robert Jenkins	300	+3	31.3	10.4	9.8†
232	175	Torday	223	−2	14.3	6.4	5.8†
34	11½	Twinlock Ord.	13	+½	0.8	0.5	2.5†
80	70	Twinlock 12% ULS	78	+2	12.0	15.8	—
56	23	Unilock Holdings	48	—	2.8	5.4	10.2
50	45	Unilock Holdings New	45	—	—	—	9.8
99	42	Walter Alexander	82	—	4.4	4.7	6.1
210	136	W. S. Yeates	210	—	12.1	5.8	3.4†

† Accounts prepared under provisions of SSAP 15.

Chelmsford— NEW

Warehouses To Let

20,000/30,000/60,000 sq.ft.

Drivers Jonas 01-930 9731

CHILE PREPARES FOR SEABED OPERATIONS

Chile is coosideriog accepting bids from internatiooal corporations for the mioing of seabed mineral deposits in the vicioity of its island possessioos in the Pacific, writes Mary Helen Spooner from Santiago.

According to Sen. Carlos Quinooes, the Mining Mioister, Chile will be ready to accept bids after preparatory studies have heen completed. Thesa include geological studies of the deposit near Juan Fernandez archipelago, 650 km away from the Chilean mainland.

Copper production from seabed mining would not affect Chile's copper exports adversely, Sen. Quinones noted, since studies in the field indicated that ocean mining would increase world copper supply by less than 5 per cent.

ZIMBABWE SHARE OFFER

Rio Tinto Mining (Zimbabwe), the successor to Rio Tinto Mining (Rhodesia), is to raise Z$8m (£5.46m) by a 25-for-100 rights issue at a price of 220 cents (150p) a share. The offer price is at a discount of 80 cents to the market price of the shares in Salisbury.

The rights issue was foreshadowed by the company laat month. The funds raised will he used for the development of the Renco gold prospect and the Zinca platinum proapect, and for exploration programmes.

It follows the decision of Rio Tinto-Zinc, which holds 51 per cent of tha company, to injact £5m for development purposes.

But the rights issne will be of interest only to local investors, London dealers noted. Foreign investors would need permissioo from the Zimbabwe exchange control authorities to take up their rights.

Further, the present regulations mean that an investor cannot take nut of Zimbabwe more money than is put in, thus preventing the staggiog of the issue, the dealers added.

* * *

Hampton Trust bas bought a 50 per ceot stake io a small gold mine at Carida, Western Australia, for ao initial paymeot of £30,000, with a further £20,000 payable when ore reserves containing 1,500 ozs of gold have been proved and certified to be profitable to mine. The company has agreed to spend A$25,000 (£12,000) on mioing development.

SPAIN

May 30	Price %	+ or −
Banco Bilbao	210	
Banco Central	238	
Banco Exterior	210	
Banco Hispano	209	
Banco Ind. Cat.	122	
Banco Madrid	141	
Banco Santander	257	
Banco Urquijo	150	
Banco Vizcaya	219	
Banco Zaragoza	200	
Dragados	82	−2
Espanola Zinc	81	+1
Fecsa	81.2	
Gal. Preciados	28.5	+0.5
Hidrola	66.5	
Iberduero	61.5	−0.2
Petroleos	114	+3
Petroliber	61	+2
Sogefisa	107	
Telefonica	54	+0.5
Union Elect.	67	−1.5

Tebbitt finishes in loss but plans expansion

THE TURNROUND in Tebbitt Group's fortunes which was anticipated by the previous chairman at the interim stage was not achieved, says Mr. John Bentley, who was appointed chairman in January. The group finished 1979 with a taxable loss of £190,879, against £293,082, after reporting a small profit midway.

However, Mr. Bentley holds out hopes of an early return to dividends through expansion.

Heavy interest charges and high group administration overheads during the secood half of 1979 accounted largely for the full-year loss.

Steps have been taken to lower overheads and costs significantly in 1980, Mr. Bentley says, and since his appointment four directors have resigned and various contractual arrangements settled. Although these contributed to the 1979 loss, reduced running costs will result in the current year.

The directors believe steps must be taken to expand the company's interests and to ensure that central group expenses become an even smaller proportion of overheads.

Shareholders will shortly be asked to approve the acquisition of Signgate Properties and two freehold properties in London SW. These purchases will considerably strengthen the company's assets and earnings compared with the amount of equity capital being issued, Mr. Bentley says.

Although further transactions related to the property field are envisaged, he adds, it is also intended to expand industrial interests and generally to enlarge the size, scope and profitability of the company, with a view to restoring dividends at the earliest possible opportunity. No paymeots have been made since 1974.

"The Board believes the time is ripe for the acquisition of suitable companies during the depressed economic conditions expected for the remainder of this year, and that the British economy will turn during 1981 to give very favourable cooditions for certain British trading companies for at least the next several years," Mr. Bentley adds.

A consolidated balance sheet, including Signgate Properties, shows total net assets of £2.31m, as at the year-end, with fixed assets of £1.49m, of which goodwill arising from acquisitions amounted to £786,796. Stock and properties held for resale totalled £1.6m. Bank overdrafts were £338,483, while long-term loans stood at £666,657.

Auditors Smallfield Fitzhugh Tillett point out that the company was in breach of the terms of the trust deed constituting the 15 per cent convertible unsecured loan stock 1983. The accounts have heen prepared on tha basis that tha breaches will be waived.

The auditors also state that no provision has been mada in the parent company for the post-acquisition losses of a subsidiary amounting to £109,096, or for that subsidiary's indebtedness to the group of £166,594.

Dealings in the group's ordinary shares and loan stock are expected to start on July 3. The listing was suspended in April at the group's request.

Meeting, 24 Portland Place, W, on June 25, at 11 am.

John Baker (Insulations), which holds 20.83 per cent of Tebbitt's capital and of which Mr. Bentley is joint chairman and chief executive, reports taxable profits of £51,377 for 1979 compared with a forecast of £50,000.

The retained balance came through at £10,749, after dividends of £28,440 and ET, £12,188.

Stockholders Investment Tst moves ahead

Net revenue of Stockholders Investment Trust advanced from £684,233 to £792,646 in the year to April 30, 1980. Tax took £499,009 against £450,771.

Net asset value per 25p share is 132p against 127p at October 31, 1979, with prior charges at par, and 138p (132.4p) at market value.

As already known, the interim dividend is raised from 1.1p to 1.25p.

GRAMPIAN HOLDINGS

Grampian

Progress maintained

Points from the Statement by the Chairman, Mr. David C. Greig:

- Pre-tax profit up by 15 per cent at £1,930,000 (compared with £1,675,000) – a positive advance despite adverse efects of the road haulage strike and the engineering dispute.
- Reshaping has continued, with final disinvestment of North Sea Oil interests. Group is now more soundly based in fewer disparate areas. Balance sheet strengthened by reduced borrowings.
- Forecasting is difficult but cautious optimism might express the feelings of many industrial companies including ourselves. I believe we are in a position to take advantage of any upturn in the economy.

Copies of the Anual Report may be obtained from the Secretary, Grampian Holdings Limited, Stag House, Castlebank Street, Glasgow G11 6DY.

Bass Limited

Interim Statement

For the 28 weeks ended 12th April, 1980

	28 weeks to 12.4.80 £ millions	28 weeks to 14.4.79 (adjusted) £ millions	Year to 30.9.79 £ millions
Sales to customers	662.8	588.6	1,134.3
Trading profit after charging or crediting items in Note 4	58.7	50.0	121.5
Cost of borrowing	8.6	5.7	9.9
Profit before taxation	50.1	44.3	111.6
United Kingdom and overseas taxation (Note 5)	15.0	8.9	22.3
Profit after taxatioo	35.1	35.4	89.3
Attributable to outside shareholders	0.4	0.2	0.7
Preference dividends	0.2	0.2	0.3
Earnings available for ordinary shareholders	34.5	35.0	88.3
Ordinary dividends paid and proposed	6.4	5.8	21.7
Retained earnings	28.1	29.2	66.6
Ordinary dividends paid and proposed – p/share	2.3p	2.1p	7.8p
Earnings per ordinary share (Note 7)	12.3p	12.6p	31.8p

NOTES:

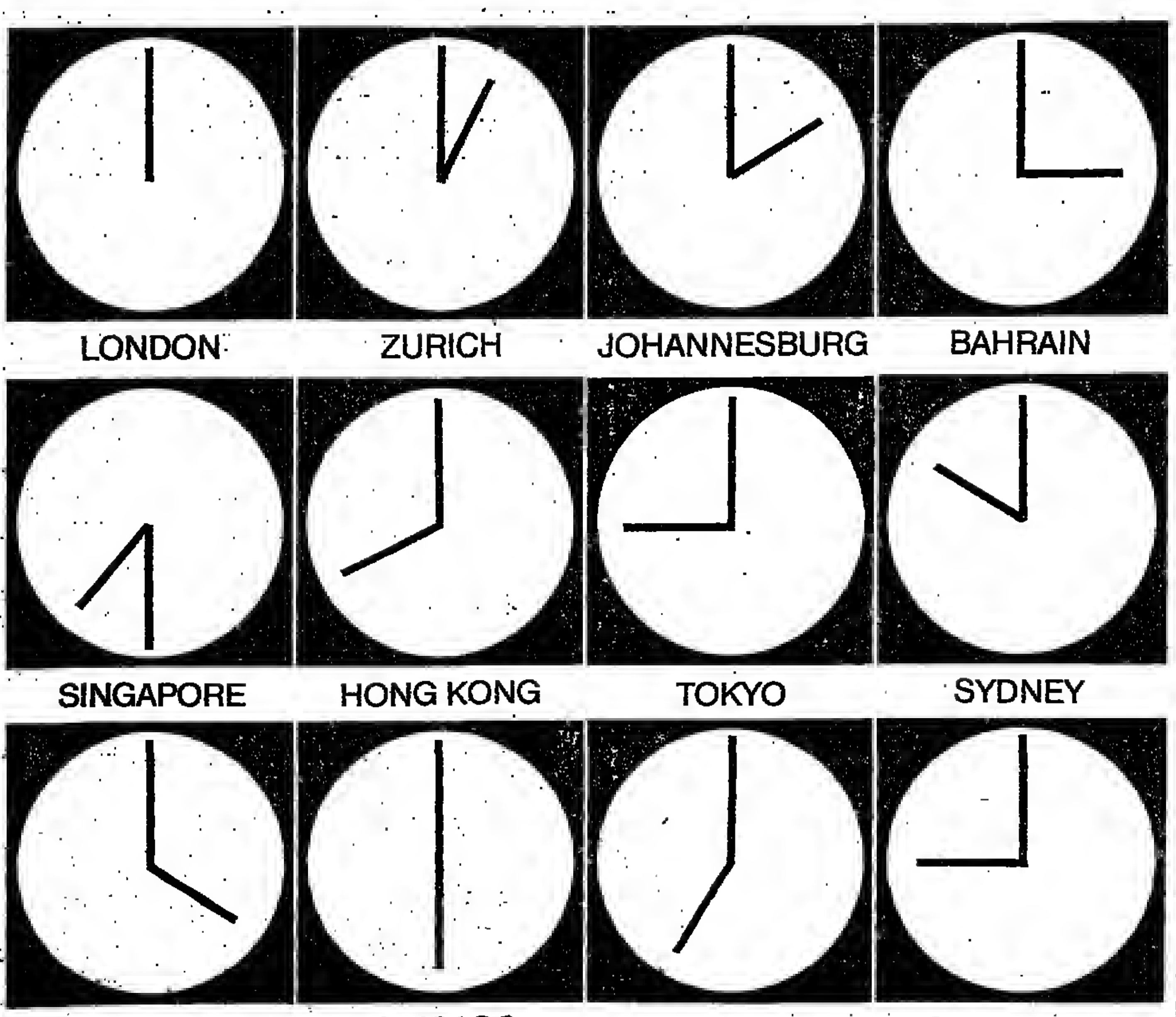
1. Beer and soft drinks sales have shown a satisfactory growth in the first half of the financial year but those for hotels, wines and spirits were below expectations.
2. The provision for the Employee Share Ownership Scheme is 3% of profits before the provision and taxation, plus 5% of the increase over such profits in the corresponding period last year.
3. The comparative figures have been adjusted to take account of:–
   (a) A charge in respect of the Employee Share Ownership Scheme of 3% of profits before the provision and taxation, which was provided for the first time in the last published accounts.
   (b) The actual effective rate of taxation for the year to 30.9.79.
4. The following amounts have been charged/(credited) to arrive at the trading profit.

	12.4.80 £m	14.4.79 £m	30.9.79 £m
Employee share scheme	1.9	1.4	3.4
Depreciation	19.6	16.0	30.3
Hire of plant and machinery	4.4	3.7	7.1
Surplus on disposal of property and investments	(3.2)	(4.2)	(7.7)

5. Taxatioo has been provided at 30% (1979 adjusted to 20%) of profits before taxation.
6. An interim dividend of 2.3p per share (2.1p) on the ordinary shares will be paid on 16th July 1980.
7. Earnings per ordinary share are calculated by dividing the earnings available for ordinary shareholders £34.5m (£35.0m) by 279.4m (277.8m) ordinary shares of 25p in issue at the close of the period.
8. During the 28-week period ended 12th April, 1980 capital expenditure was incurred on:–

	12.4.80 £m	14.4.79 £m	30.9.79 £m
Fixed assets	54.8	38.3	102.8
Loans to customers (net)	6.6	4.8	8.2

9. The above interim figures have not been audited.



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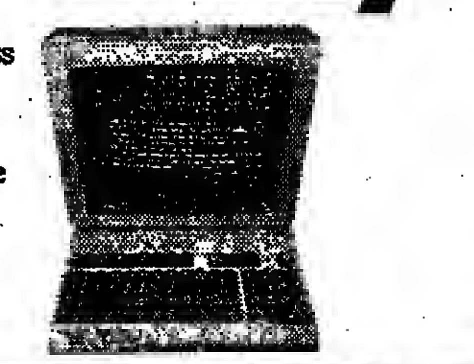


REUTERS

World markets as they move

"We know what our priorities are and we are on our way to attaining them."

Sir Campbell Fraser, Chairman

The complete text of the Chairman's speech at the Annual General Meeting held on June 2, 1980.

Since the last Annual General Meeting, Dr. Alfred Spinks has joined the Board in a non-executive capacity, and I am delighted to welcome him on your behalf. Dr. Spinks was a director of ICI for nine years and his distinction as a scientist was recognised in 1977 by his election as a Fellow of the Royal Society. He is already taking an active interest in the Group's operations, and I know we shall benefit from the combination of his wide commercial experience and his scientific understanding.

Mr. Jeremy Lever QC comes up for re-election on this occasion as he retires by rotation. I warmly commend him to you. His penetrating mind and equally penetrating questions help to keep all his colleagues lively and responsive.

I regret to say that from tomorrow, Mr. Philip Shelbourne will cease to be a member of the Board, which he joined at the beginning of 1978. Shortly, he will become executive chairman of the British National Oil Corporation, and he is having to relinquish most of his outside directorships. He has been a constant source of positive advice in a trying period.

You will have seen from my letter which accompanied the Report and Accounts that we are recommending to you a number of changes in the Articles of Association. The principal change concerns retirement of directors. This will be the last occasion on which only one director retires by rotation. In future, a larger number of directors will retire each year; with our present numbers it will mean that four of your directors will be retiring next year. This will give you more opportunities to pass judgement on your Board and is in line with accepted practice in most large companies.

TRADING EXPERIENCE

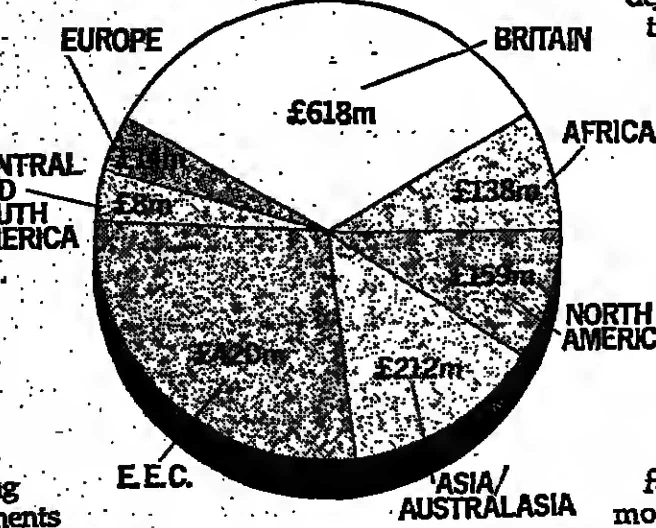
Our trading experience last year was described fully in the Report and Accounts, so I do not propose to go through it again in detail today.

But you will have noted that 1979 was a difficult year for the Group. Even so, I hope you will not think it perverse of me if I ask you not to draw false conclusions from the figures. Dunlop is widely diversified by product and well spread geographically. The great majority of our businesses have done well. We have retained our market leadership in a number of consumer and industrial activities, both at home and overseas; and we intend to re-inforce these successes. But, taken as a whole, our tyre activities in Europe were in loss. I said to you last year that getting the tyre business right would be a "hard slog" and that to restore tyres to a satisfactory level of profit will take time.

What are we doing about it? Two broad solutions are being pursued. First, we have instituted throughout the European tyre group a detailed action programme of cost reduction and rationalisation; a regrettable but essential step was the closure of the Speke tyre factory. We have continued the modernisation of our production facilities; we are driving hard for substantial improvements in productivity; we are placing special emphasis on high quality; and we are concentrating our efforts on a narrower range of premium products. We have restructured our marketing operations and, whilst maintaining strict control over the use of our working capital, we are making sure that we can meet market needs whenever and wherever they arise. In all of that, progress has been clear and encouraging.

Simultaneously, we are getting the benefit of work on tyre development that was begun a number of years ago. As I said in the Report and Accounts, we now have more new tyres coming forward than for many years.

SALES BY LOCATION OF COMPANY



So you can take it the recovery programme is on track, and we hope to see benefits in the second half of this year. But the solution must lie with ourselves. Our company in Germany, which turned a substantial loss in the tyre operations in 1978 into a profit in 1979, has shown what can be done. However, in the short term we can expect little help from the market place.

RECESSION AND RESPONSE

Why do I not expect any help from the markets we serve?

It has been evident for some time that the industrialised world is moving from a period of "stagflation" – that ugly but descriptive word which neatly expresses the combination of inflation with a static level of activity – into a period of recession. Key economic indicators in both the United Kingdom and the USA are turning down and lower rates of economic growth are forecast both in Continental Europe and Japan.

The almost universal response of the major countries has been progressively to raise interest rates and to adopt tighter monetary policies. As a result, it seems that in 1980 we shall see both world trade and world industrial activity slowing down quite markedly. This is bound to have some adverse effects on the Group, although the opportunities for profitable growth will still continue in many of the countries where we operate.

Obviously, this country cannot escape from the general pattern of the world trends. Indeed, it is widely expected that in 1980 the gross domestic product will fall. As Britain remains the centre of our worldwide business, it may seem to put us at a potential disadvantage compared with some of our foreign-based international competitors. It is perhaps worth pausing at this point to consider how important Britain is to the Group, and how important the Group is to Britain.

THE IMPORTANCE OF BRITAIN

Total sales in and from Britain were over £600 million last year – nearly 40% of the Group's worldwide turnover. It has long been our policy to serve overseas markets from Britain, and in 1979 exports amounted to £155 million, representing a quarter of total British output, despite increasing competition throughout the world.

At present, in Britain we have 59 factories employing 44,000 people. Taking account of their dependents, our suppliers and others, the number of people directly and indirectly concerned in the fortunes of the Group runs into several hundred thousands. Our activities are diverse – ranging from all kinds of equipment for road, rail, air and sea transport; through highly sophisticated equipment for defence purposes; to relatively simple recreational products. Indeed, Dunlop products can be found in every aspect of modern life – in the home, at work, at leisure, and even in repose.

Britain is the centre of the Group's research and development activities; it is also the world headquarters of our tyre technical department which services and supports our tyre operations in 15 countries, and for which, in return, we receive technical aid payments and royalties.

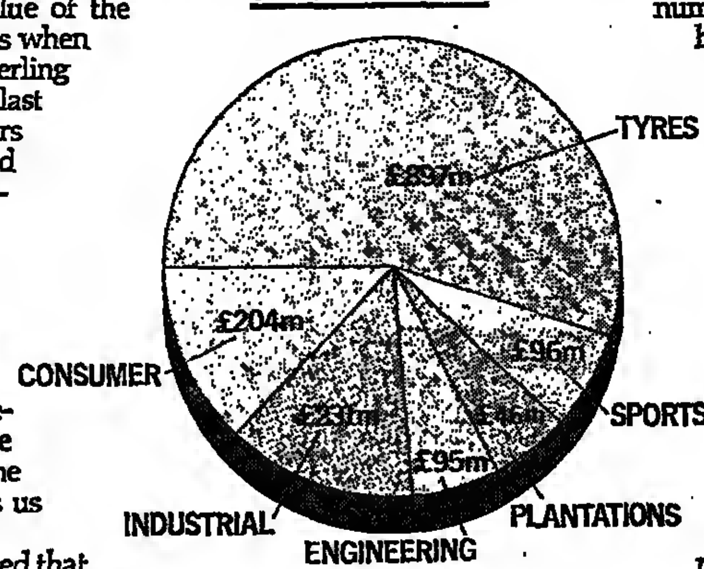
If we look at the Group's contribution to the British economy in terms of the balance of its foreign income and payments, the figures for 1979 showed a surplus of £87 million. And there has been a continuing surplus for many years.

On many counts, therefore, it is important to Dunlop that the British economy, our home base, remains sound and the general economic and social atmosphere conducive to innovation, creativity and the pursuit of high standards of performance and excellence. Equally, of course, it is vital to the nation that manufacturing companies like ours are not unnecessarily, or unthinkingly, placed at a disadvantage in relation to their competitors elsewhere.

THE IMPACT OF GOVERNMENT POLICY

Faced with high inflation and a fall in the level of economic activity, there are two aspects of present policy which bear heavily on our business. Despite the removal of exchange controls, the exchange rate of sterling has remained very strong, underpinned more by oil and gas revenues than by the intrinsic strength of the economy. This strong exchange rate has a three-fold impact on us – it reduces the value of the profits we earn overseas when translated back into sterling (by about £8 million last year); foreign competitors have been given an added competitive edge in overseas markets; consequently, exports from our home base have been more difficult to sustain and at the same time have become less remunerative. Conversely, imports have become more attractive, as the balance of trade shows us each month.

SALES BY PRODUCT



Industry is often urged that it must learn to live with a strong £. May I say that we have learned to live with it. But it is not easy to adjust costs downwards as fast as exchange rates have floated upwards.

As for so many other companies, high interest rates have also proved a heavy burden. Although increases in interest rates have by no means been confined to this country, they have risen faster here than anywhere else except in the U.S. where rates are now falling; and they have remained higher for longer than anyone was forecasting in the autumn of last year. So there was inevitably a sharp increase in our financing charges despite our strict financial disciplines, which were so successful that in a year when inflation averaged 13½%, and was rising steadily month by month, our net working capital actually fell.

Given the primary need to reduce the rate of inflation, the priorities for government policy are both well understood and supported. But it does seem that much of the burden of re-adjustment is falling on the private sector, and on manufacturing industry in particular. We hope that the Government will continue to press on with the reduction of public sector expenditure so as to make room for a cut in interest rates as soon as possible. This would be of considerable benefit to industry, and not only in financial terms. When the marginal cost of borrowing, even for prime borrowers such as ourselves, is 18-19%, it makes it that much more difficult to contemplate, far less earn, a satisfactory return on new investment, even though in the longer term that investment is both desirable and economically sound.

Faced with an incipient recession and an "overvalued" currency, it is perhaps not surprising that there is a growing lobby in favour of increased protection – a movement by no means confined to this country. However, we believe that whilst import controls may – and, in selected cases, would – give a temporary respite, they would work against the best interests of Britain in the longer run. We would be in danger of creating a cosy, uncompetitive corner of the world insulated from economic realities; and there is little doubt that attempts to restrict imports in a general way would be met by retaliatory action. Then the insulation would prove illusory; the outcome would almost certainly be a lower standard of living for us all.

However, there is an area where tighter controls can and should be implemented, and that is where products can be shown to be dumped. In the tyre industry, it was clear to us that tyres from Eastern Europe were being dumped into the British market at prices which did not even cover manufacturing costs. With the aid of the Trade Association and the Government, working through the EEC, I am glad to say that undertakings have been obtained from major Eastern European exporters to institute more realistic pricing policies. This will help to remove one destabilising factor in the market.

We are a British company with many international affiliations. The word "multinational" is often used, occasionally with acrimony, to describe a company like ours, and a number of international bodies have set up committees to produce reports to tell multinational companies how to behave. Yet it is a curious fact that host governments appreciate and encourage the presence of multinational companies more than some would-be international regulators would have us believe.

I trust that you will accept my assurance that wherever we are we behave well. More than that, we give continuing, positive and valuable help to any host country in which we manufacture or sell.

However, there are voluntary guidelines issued by the Organisation for Economic Co-operation and Development. These set sound and proper standards by which international companies should conduct themselves. I have no difficulty in reiterating our endorsement of those guidelines on behalf of the Company.

DIVIDENDS AND THE FUTURE

May I now say a word about dividend policy? Despite our overall results last year, the Board felt that it would be appropriate in the light of the current trading situation and the prospects ahead to maintain the final dividend at the same level as in the previous year. I hope that shareholders will support this decision, not least because it demonstrates that whatever uncertainties lie ahead, the Group believes that it can surmount them.

So far this year, trading profit for the first four months of 1980 is ahead of the corresponding period a year ago. But in the light of the fast deteriorating international economic situation, it would be foolhardy to attempt to forecast the outcome for the year with any degree of assurance or optimism. At this stage we hope that we can sustain this modest improvement, not least by the vigorous actions we are taking within the Group.

I can assure shareholders that we know what our priorities are, and that we are on our way to attaining them. In this, we have the support of the vast majority of our employees, and I should like to thank them on your behalf for their efforts in what, for some of them, have been trying circumstances. However, we shall all succeed more readily if, whilst working with determination and vigour, we also manage to exercise patience and prudence.

DUNLOP

DUNLOP HOLDINGS LIMITED

Please send me more information about Dunlop

Please ✓ choice
☐ Dunlop Annual Report 1979
☐ Full text of Chairman's Statement
☐ U.K. Code of Conduct Report on South Africa

Name ______

Address ______

Post to: The Secretary, Dunlop House, Ryder Street, St. James's, London SW1Y 6PX.

APPOINTMENTS

Lloyds Bank business advisory controller

Mr. Mike Blackburn has been appointed controller of the business advisory service of LLOYDS BANK. He succeeds Mr. Colin Wilks who becomes regional general manager and local director of the Yorkshire and Humberside regional head office. Mr. Blackburn was

Mr. Mike Blackburn

formerly deputy manager of the Leeds branch. The Bank's business advisory service was formed in 1976 to provide financial help to small and medium sized business.

★

Mr. Martin Smith has been appointed head of the finance department of BANKERS TRUST INTERNATIONAL in London. He will succeed Mr. John McDaniels as chairman of Bankers Trust International in August. Mr. Smith is at present an executive director of Citicorp International Bank, where he manages corporate finance. Mr. McDaniels joined Bankers Trust International as a director of the finance department in 1973. He was elected managing director in 1975 and became chairman and managing director in September 1978. He is also chairman of Bankers Trust International (Asia). Mr. McDaniels will transfer to New York as deputy head of the corporate financial services department.

★

The Secretary for Energy has appointed four part-time members to Electricity Boards. They are Mrs. A. Gordon, East Midlands), Mr. W. McCall (Eastern), Mr. David E. Philpot (Southern) and Lord Sefton of Garston (Merseyside and North Wales).

★

Dr. H. O. C. R. Ruding has been appointed a member of the Board of managing directors of AMSTERDAM-ROTTERDAM BANK N.V. (Amro Bank) from January 1, 1981. After having held several positions with the Netherlands Ministry of Finance and with Amro Bank, Dr. Ruding has been executive director of the International Monetary Fund in Washington since the beginning of 1977.

★

Mr. Gordon Gilby, managing director of SAWARD BAKER AND CO., has been appointed to the additional position of chairman. Mr. Leo F. Walters has been made a non-executive director from July 1.

★

Mr. Jonathan Chapple has been appointed managing director of COX AND KINGS TRAVEL, a subsidiary of Cox and Kings recently acquired by Mr. Anthony Good and Mr. John Barber. Mr. Chapple previously held executive positions in Thomas Cook.

★

Mr. Norman Bailey has been appointed marketing services manager, Mr. Gordon Connacher, UK sales manager, and Mr. Tony Trodden, product manager, of the DUNLOP INDUSTRIAL HOSE DIVISION.

★

Mr. Donald E. Dawkins has been appointed managing director of STEEL BROTHERS PROCESS PLANT. He succeeds Mr. John R. Potter, who remains chairman and director of the parent company with special responsibilities for the engineering division.

★

Mr. Peter Perry has been appointed to the Board of FELIX ROSENSTIEL'S WIDOW AND SON as UK sales director.

★

Mr. James Long is to become chairman of DIAMOND SHAMROCK EUROPE, Manchester, from August 1. He will succeed Mr. Tony Russell, who is to relinquish that position for his other business and personal interests.

★

Mr. C. A. Davies has been appointed chief executive of INFORMATION TECHNOLOGY and Mr. R. A. Finch continues as managing director of Computer Technology. Mr. R. J. Taylor has been made managing director of newly-formed subsidiary, Office Technology, at Winchester.

★

Mr. M. John Mills has been appointed by FMC as group director, marketing and sales development, from July 14. He will also join the Boards of FMC (Meat) and C. and T. Harris (Calne).

★

Sir Robin Haydon has been appointed a non-executive director of IMPERIAL GROUP from July 1. Sir Robin was Ambassador to the Republic of Ireland from 1976 until his retirement last month.

★

Mr. H. Roderick Macleod, senior managing director of Ben Line Steamers, has become chairman of the BRITISH RAILWAYS (SCOTTISH) BOARD in place of Lord Taylor of Gryfe, who has retired. Mr. Macleod also succeeds Lord Taylor as a non-executive member of the BRITISH RAILWAYS BOARD.

★

Mr. P. E. Cooper has been appointed chairman of SPINNEY'S (1948) to replace Mr. A. M. French who is retiring.

★

Mr. Paddy Manning has been appointed director of European operations for CHARLES BARKER LYONS.

★

Mr. John Boanas has been appointed managing director of FORMICA.

★

Mr. W. D. Clark has been appointed to the London Board of NORTHERN ROCK BUILDING SOCIETY.

★

Mr. Jean-Claude Fouque has been appointed NATIONAL WESTMINSTER BANK'S senior representative in Italy, based at Creditwest S.p.A., Milan. He has also been appointed a non-executive director of Creditwest. He succeeds Mr. P. G. Berry, who is retiring.

★

Mr. G. A. Holder, assistant general manager, policy, administration, is promoted to general manager administration at GRESHAM LIFE ASSURANCE SOCIETY from June 1. Mr. P. A. Brown, assistant secretary, is appointed secretary.

★

Mr. David Roberts, wholesale books manager of W. H. SMITH, is appointed divisional director wholesale news, from September 10, following the retirement of Mr. K. P. Beattie on that date.

★

INSCO has appointed Mr. W. R. Adams, Jr to the newly-created post of chairman and chief executive officer. Mr. Leslie R. Dew will replace Mr. Adams as president of INSCO, the wholly-owned insurance subsidiary of Gulf Oil Corporation.

★

Mr. Terry Mansfield, publisher of Harpers and Queen, has been appointed deputy managing director of the NATIONAL MAGAZINE COMPANY.

★

Mr. G. J. MacGillivray who recently retired from the Bank of England, has been elected a director of the ANTOFAGASTA (CHILI) AND BOLIVIA RAILWAY COMPANY, and of its subsidiary.

★

TANGYE, a member of the SPP group of companies within the engineering division of Booker McConnell, has appointed Mr. T. A. Bradbury as managing director in succession to Mr. Derek K. Upperton. Previously, Mr. Bradbury was managing director of Copestick and Farrell, a subsidiary of Fletcher Sutcliffe Wild, also within the Booker McConnell engineering division.

★

Mr. David Bland has become export manager of SMITHS INDUSTRIES TIME CONTROLS.

Mr. David Bland

Mr. A. David Owen, chairman and joint managing director of Rubery Owen Holdings, has been elected president of the BIRMINGHAM CHAMBER OF COMMERCE AND INDUSTRY. New vice presidents of the Chamber are Mr. John A. Black, chairman of Charles Baker Black and Gross, and Mr. Godfrey Messervy, chairman and chief executive of the Lucas Group. Honorary treasurer is Mr. N. R. Gillott.

★

Mr. R. J. East has joined the Board of WETTERN BROTHERS as a non-executive director.

★

Mr. Gordon E. Hall, formerly an adviser in the Bank of England's overseas department, has been appointed to the newly-created position of adviser to the Board of ORION BANK.

★

Mr. C. J. T. Alexander has become deputy chairman of WALTER ALEXANDER. Mr. J. F. W. Hamilton, at present finance director, will be managing director. Mr. R. E. H. Braithwaite, who is managing director of Walter Alexander and Co. (Coachbuilders), has been appointed to the Board of Walter Alexander.

★

Mr. Philip Shelbourne has resigned as a director of DUNLOP HOLDINGS on his appointment as executive chairman of the British National Oil Corporation.

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FT SURVEY ON TRADING PROFITS

Up only 12.2% over 3 months

TRADING PROFITS of 172 industrial companies reporting between mid-July and mid-October last year rose by only 12.2 per cent, according to the latest FT survey on industrial profits.

The previous survey, covering the period from mid-April to mid-July, showed 147 industrials' trading profits up 20.1 per cent.

The 47 financial companies reporting in the quiet summer period enjoyed a 28.5 per cent gain by those reporting in the previous period, and a 4.1 per cent downturn a year earlier.

Among industrials, trading profits in the consumer non-durable sector showed the highest growth, 18 per cent, while consumer durables were weakest, making only a 1.7 per cent gain. The capital goods sector was surprisingly strong, with trading profits growing 15.6 per cent, boosted by a remarkable 38.5 per cent gain by the seven contracting and construction companies reporting and strong rises in building materials and engineering.

Within consumer durables, the slump in the motor industry was already apparent as trading profits of the seven reporting companies dropped 1.6 per cent. Household goods showed a fractional decline while electronics, radio and television continued buoyant with a 19.2 per cent gain.

Reasonable trading profit gains were made in almost all consumer non-durable sectors, with the outstanding exception of textiles where eight companies reported an average 3.7 per cent increase.

Despite the removal of controls, the growth in dividends among industrial companies was only 27 per cent compare die the 29.3 per cent increase in the same period the previous year.

Net return on capital of the industrials was an average 15.5 per cent, scarcely improved from the same period in 1978.

TREND OF INDUSTRIAL PROFITS

ANALYSIS OF 227 COMPANIES

The Financial Times gives below the table of company profits and balance-sheet analysis. This covers the results (with the preceding year's comparison in brackets) of 227 companies whose account year ended in the period between July 15, 1979, and October 14, 1979, which published their reports up to the end of April, 1980. (Figures in £000).

INDUSTRY	No. of Cos.	Trading Profits (1)	% chnge	Profits before Int. & Tax (2)	Pre-tax Profits (3)	Tax (4)	Earned for Ordinary Dividends (5)	% chnge	Ord. dividends (6)	% chnge	Cash Flow (7)	Net Capital Employed (8)	Net Return on Cap % (9)	Net Current assets (10)
BUILDING MATERIALS	7	22,211 (17,700)	+25.5	17,331 (13,760)	15,579 (12,576)	4,172 (3,386)	10,614 (8,663)	+22.5	2,958 (1,937)	+52.6	11,498 (8,723)	85,766 (66,246)	20.2 (20.8)	32,772 (28,259)
CONTRACTING & CONSTRUCTION	7	34,212 (25,132)	+38.5	29,325 (20,892)	23,354 (16,515)	5,430 (2,705)	17,564 (14,078)	+24.8	3,473 (2,754)	+26.2	12,314 (14,510)	153,680 (125,418)	19.1 (16.7)	61,336 (50,637)
ELECTRICALS (EX ELECTRN. ETC.)	4	4,928 (5,199)	—5.2	3,218 (3,970)	9,383 (5,513)	294 (570)	1,995 (2,925)	—31.8	705 (738)	—4.5	2,584 (3,063)	33,235 (27,435)	9.7 (14.5)	14,376 (14,303)
ENGINEERING	36	164,071 (138,691)	+18.3	126,837 (104,713)	105,460 (87,308)	28,558 (37,029)	72,436 (48,075)	+50.7	24,298 (20,501)	+18.5	79,584 (56,001)	836,894 (751,062)	15.1 (14.3)	364,080 (345,164)
MACHINE TOOLS	4	3,644 (3,328)	+0.5	2,303 (2,312)	1,068 (1,825)	233 (246)	804 (1,558)	—48.2	442 (608)	—27.3	1,306 (1,601)	32,744 (26,892)	7.0 (8.6)	14,823 (11,206)
MISC. CAPITAL GOODS	10	104,485 (90,126)	+5.4	84,309 (81,820)	60,481 (70,901)	18,818 (22,567)	42,324 (44,572)	+10.4	13,854 (13,513)	+12.1	50,928 (46,095)	481,547 (474,963)	17.5 (17.2)	221,841 (237,651)
TOTAL CAPITAL GOODS	57	334,157 (290,175)	+13.2	262,733 (227,473)	215,248 (102,839)	67,606 (66,603)	162,756 (119,966)	+37.3	47,130 (40,150)	+17.4	164,214 (130,995)	1,623,257 (1,452,016)	16.2 (16.7)	708,577 (687,219)
ELECTRONICS RADIO & TV	2	2,398 (2,010)	+19.2	1,776 (1,530)	1,712 (1,482)	588 (782)	1,080 (690)	+56.5	922 (149)	+65.0	1,212 (789)	6,081 (4,610)	28.2 (33.2)	2,647 (2,566)
HOUSEHOLD GOODS	7	12,112 (12,126)	—0.7	7,864 (8,393)	6,269 (7,258)	1,380 (3,245)	4,827 (3,961)	+21.9	1,725 (1,648)	+4.7	6,616 (6,526)	68,011 (57,059)	11.6 (14.7)	26,178 (27,695)
MOTORS & COMPONENTS	7	168,424 (165,144)	—1.6	120,420 (128,572)	96,206 (110,065)	22,896 (27,951)	70,127 (79,740)	—12.0	17,234 (14,662)	+17.5	91,742 (98,344)	987,557 (758,091)	13.0 (17.1)	362,088 (339,668)
MOTOR DISTRIBUTORS	11	49,702 (43,426)	+14.5	31,783 (28,749)	23,332 (23,662)	6,022 (7,779)	17,383 (15,847)	+9.7	4,731 (3,798)	+24.5	28,857 (24,677)	214,749 (170,403)	14.8 (16.9)	45,149 (47,967)
TOTAL CONSUMER DURABLES	27	226,634 (222,776)	+1.7	161,843 (167,244)	127,751 (142,567)	30,282 (39,757)	93,477 (100,238)	—6.7	23,918 (20,257)	+18.1	128,314 (129,336)	1,016,398 (948,163)	13.3 (17.0)	435,062 (417,886)
BREWERIES	10	297,915 (256,176)	+16.3	231,256 (201,287)	198,822 (176,854)	40,676 (49,060)	142,812 (121,531)	+17.5	38,183 (28,141)	+31.0	160,800 (138,702)	1,336,728 (1,265,028)	17.3 (16.9)	127,146 (99,754)
DISTILLERIES & WINES	2	7,179 (5,765)	+24.5	5,587 (5,134)	5,122 (4,478)	135 (71)	4,927 (4,401)	+13.8	1,361 (282)	+40.6	4,184 (4,025)	41,934 (33,401)	15.2 (15.3)	29,036 (17,662)
HOTELS & CATERERS	3	222,399 (188,970)	+23.0	189,698 (159,107)	140,715 (112,539)	30,444 (34,043)	105,705 (84,286)	+25.5	30,271 (21,431)	+41.2	116,036 (90,216)	1,350,978 (1,221,375)	14.0 (16.4)	74,914 (80,036)
LEISURE	8	123,927 (111,104)	+11.5	70,108 (62,894)	65,151 (58,280)	27,700 (26,294)	37,083 (36,058)	+3.1	11,793 (8,208)	+42.8	75,865 (55,400)	290,942 (289,566)	23.4 (21.7)	—12,719 (—23,768)
FOOD MANUFACTURING	3	189,486 (160,358)	+11.0	137,074 (120,122)	90,721 (81,572)	23,033 (23,488)	55,789 (44,284)	+48.4	20,494 (18,350)	+11.3	111,230 (71,490)	1,048,677 (894,167)	13.1 (12.8)	298,849 (266,014)
FOOD RETAILING	4	33,096 (45,869)	+28.7	42,915 (35,358)	40,416 (33,964)	13,874 (11,314)	26,426 (20,450)	+17.5	8,700 (6,837)	+27.4	27,480 (22,114)	191,292 (106,044)	22.4 (34.3)	—9,665 (—5,867)
NEWSPAPERS AND PUBLISHERS	6	45,741 (34,913)	+31.0	36,033 (24,086)	33,715 (22,405)	14,555 (10,301)	18,849 (11,857)	+58.9	4,326 (3,054)	+41.7	22,780 (12,817)	121,902 (105,401)	29.5 (22.9)	39,968 (35,970)
PACKAGING AND PAPER	2	11,824 (10,983)	+7.7	6,723 (5,600)	5,871 (6,242)	730 (805)	4,511 (5,506)	—18.7	1,624 (1,353)	+19.6	6,034 (7,665)	44,548 (40,965)	15.1 (15.1)	9,571 (7,507)
STORES	5	52,234 (37,628)	+36.2	43,545 (26,706)	39,152 (23,423)	3,506 (7,377)	35,384 (17,786)	+98.0	7,766 (4,020)	+81.0	33,216 (20,351)	244,927 (950,597)	12.5 (4.4)	34,726 (21,914)
CLOTHING AND FOOTWEAR	5	11,928 (10,372)	+15.7	9,816 (8,681)	8,922 (8,151)	2,680 (2,783)	5,083 (6,322)	+14.2	1,882 (1,035)	+18.6	6,441 (5,436)	31,115 (41,947)	19.2 (20.7)	29,211 (28,147)
TEXTILES	8	13,382 (13,101)	+3.7	9,037 (8,696)	7,354 (7,857)	2,652 (3,587)	4,583 (5,075)	+16.5	1,499 (1,380)	+8.6	5,812 (6,211)	66,797 (62,378)	15.6 (14.3)	25,349 (25,343)
TOBACCO	—	(—)		(—)	(—)	(—)	(—)		(—)		(—)	(—)	(—)	(—)
TOYS AND GAMES	—	(—)		(—)	(—)	(—)	(—)		(—)		(—)	(—)	(—)	(—)
TOTAL CONSUMER NON-DURABLES	58	1,039,403 (880,653)	+18.0	781,401 (662,061)	633,462 (543,268)	169,475 (152,924)	453,243 (340,533)	+29.7	127,005 (96,014)	+32.3	375,286 (452,137)	4,298,912 (4,410,944)	18.0 (18.0)	658,469 (547,558)
CHEMICALS	3	320,307 (223,301)	—5.6	137,650 (109,710)	21,587 (76,419)	25,850 (29,889)	47,099 (37,510)	+26.8	13,146 (12,027)	+25.9	112,123 (92,316)	1,147,087 (1,304,338)	12.0 (9.1)	228,569 (226,557)
OFFICE EQUIPMENT	2	7,330 (5,938)	+21.9	5,203 (4,126)	5,084 (4,058)	1,408 (1,666)	3,500 (2,292)	+53.8	964 (555)	+71.9	4,315 (3,315)	20,459 (15,792)	25.4 (25.0)	7,313 (5,505)
SHIPPING	—	(—)		(—)	(—)	(—)	(—)		(—)		(—)	(—)	(—)	(—)
MISC. INDUSTRIAL	16	230,833 (213,712)	+11.2	176,100 (169,755)	150,340 (133,569)	47,709 (47,915)	26,904 (31,650)	+5.0	30,130 (23,304)	+22.3	118,582 (111,837)	912,101 (881,826)	10.1 (18.1)	166,373 (154,145)
TOTAL INDUSTRIALS	172	2,057,564 (1,849,755)	+12.2	1,524,248 (1,331,332)	1,204,742 (1,091,733)	333,229 (388,154)	837,041 (691,175)	+31.1	244,883 (192,305)	+27.0	1,103,636 (910,966)	8,825,524 (8,250,864)	15.5 (14.6)	2,174,452 (2,068,362)
OIL	—	(—)		(—)	(—)	(—)	(—)		(—)		(—)	(—)	(—)	(—)
BANKS	—	(—)		(—)	(—)	(—)	(—)		(—)		(—)	(—)	(—)	(—)
DISCOUNT HOUSES MERCHANT BANKS etc.	—	(—)		(—)	(—)	(—)	(—)		(—)		(—)	(—)	(—)	(—)
HIRE PURCHASE	2	122,120 (95,153)	+34.7	90,990 (60,556)	28,662 (25,842)	13,901 (12,210)	14,112 (15,855)	—16.2	5,854 (4,859)	+81.0	44,250 (45,188)	827,079 (820,254)	11.0 (9.8)	249,104 (110,257)
INSURANCE	—	(—)		(—)	(—)	(—)	(—)		(—)		(—)	(—)	(—)	(—)
INSURANCE BROKERS	2	10,179 (14,212)	—31.2	8,579 (11,958)	7,760 (10,321)	4,510 (5,152)	3,001 (4,943)	—39.3	1,215 (1,759)	—2.4	9,182 (5,910)	31,251 (28,359)	26.9 (42.2)	5,526 (7,391)
INVESTMENT TRUSTS	35	48,936 (43,374)	+12.2	48,350 (48,705)	41,955 (36,298)	14,647 (15,057)	25,492 (21,228)	+15.2	24,130 (10,578)	+62.7	1,359 (2,133)	563,956 (564,981)	8.2 (4.6)	7,176 (13,697)
PROPERTY	5	59,202 (47,698)	+9.4	50,343 (45,794)	22,434 (17,078)	2,461 (7,813)	13,668 (8,964)	+69.4	9,505 (6,253)	+51.9	2,117 (3,977)	844,457 (701,735)	6.0 (6.5)	44,412 (15,178)
MISC. FINANCIAL	2	38,511 (15,220)	+155.3	37,482 (14,573)	11,723 (488)	5,753 (1)	5,030 (487)	[illegible]	1,600 (1,340)	+12.4	4,862 (—534)	307,875 (237,686)	12.2 (5.7)	7,544 (3,587)
TOTAL FINANCIAL	47	278,036 (216,363)	+28.5	236,766 (176,589)	111,921 (90,787)	47,370 (35,213)	82,305 (53,077)	+17.4	43,805 (33,878)	+36.4	58,404 (56,656)	2,676,938 (2,475,585)	8.2 (7.7)	314,764 (151,110)
RUBBERS	1	547 (426)	+28.7	535 (419)	535 (419)	184 (152)	351 (257)	+31.5	233 (104)	+124.0	112 (185)	4,342 (3,515)	12.3 (11.9)	84 (583)
TEA	—	(—)		(—)	(—)	(—)	(—)		(—)		(—)	(—)	(—)	(—)
TIN	2	3,111 (3,210)	—59.9	4,542 (2,878)	4,542 (2,878)	2,647 (1,735)	1,894 (1,123)	+68.7	1,093 (790)	+38.4	1,257 (671)	9,755 (5,908)	57.2 (48.7)	1,489 (714)
MISCELLANEOUS MINING	1	931 (694)	+37.0	867 (633)	852 (590)	398 (221)	434 (364)	+19.2	50 (50)	+0.0	446 (354)	5,442 (4,890)	15.9 (12.9)	1,389 (1,032)
OVERSEAS TRADERS	4	815,238 (693,190)	+16.8	181,165 (135,710)	116,409 (111,269)	50,040 (50,143)	68,073 (67,105)	+1.4	35,348 (26,143)	+32.4	71,841 (72,554)	1,141,001 (1,011,029)	15.9 (13.4)	146,115 (82,998)
TOTAL COMMODITIES	8	221,847 (120,319)	+17.1	127,109 (139,640)	121,318 (115,156)	53,269 (52,270)	70,752 (68,859)	+2.7	26,724 (30,087)	+33.0	73,681 (76,742)	1,157,540 (1,011,029)	15.2 (13.5)	149,909 (85,326)

NOTES ON COMPILATION OF THE TABLE

The classification follows closely that of the Institute and Faculty of Actuaries, which has been adopted by the Stock Exchange Daily Official List. Col. 1 gives trading profits plus investment and other normal income property belonging to the financial year covered. The figure is struck before charging depreciation, loan and other interest, directors' emoluments and other items normally shown on the profit and loss account. Excluded are all exceptional or non-recurring items such as, for example, capital profits, unless the latter arise in the ordinary transaction of business.

N.B.—Certain companies, including merchant banks, discount houses, insurance and shipping companies are exempted from disclosing the full information required under the Companies Act, 1948.

Col. 2 gives profits before interest and taxation that is to say profits after all charges except loan and other interest, but before deducting taxation provisions and minority interests. In the case of Banks, no figure can be shown because of non-disclosure (see foregoing paragraph).

Col. 3 gives Pre-tax Profits that is to say profits after all charges including debenture and loan interest but before deducting taxation provision and minority interests.

Col. 4 groups all corporate taxation including Dominion, Colonial and Foreign liability and future tax provisions but excludes adjustments relating to previous years.

Col. 5 gives the net profits accruing on equity capital after meeting—
1—Minority interests.
2—All prior charges—sinking fund payments, etc., and Preference dividends and
3—Provisions for staff and employees pensions funds where this is a standard annual charge against net revenue.

Col. 6 sets out the net cost of dividend on equity capital.

Col. 7 is the capital generated internally over a year's trading. For the purposes of comparison equity earnings plus depreciation less equity dividends is the recognised method of computing this figure.

Col. 8 constitutes the total net capital employed. This is the total of net fixed assets—excluding intangibles such as goodwill—plus current assets less current liabilities except bank overdrafts.

* For merchant banks and discount houses a more realistic figure to use is the balance-sheet total.

Col. 9 represents the net return on capital employed. Col. 2 as a percentage of Col. 8 provides an indication of average profitability.

† Excluding merchant banks, discount houses, insurance, etc.

‡ No figures given.

Col. 10 net current assets are arrived at by the subtraction of current liabilities and provision from current assets.

BIDS AND DEALS

Tung nears full control of Manchester Liners

MR. C. Y. TUNG, the Hong Kong businessman who recently took over Furness Withy, has now mopped up the minority of Manchester Liners, the shipping company which was one of Withy's main assets.

Yesterday it was announced that the Tung group had acquired 37.6 per cent of Manchester through Rendish Investment, a subsidiary. Furness Withy already owned 61.6 per cent so Tung is now within 0.8 per cent of total control of Manchester.

The minority stake has come from Eurocanadian Shipholdings, the shipping group owned by Mr. Frank Narby, according to an official statement.

The deal involves some complications, as Eurocanadaian announced in February that it had sold its Manchester stake to Canadian National Railways, one its shareholders, following a Monopolies Commission ruling that Eurocanadan should reduce its stake in Furness Withy.

Mr. Narby paid around £6.4m for the stake in Manchester and at the time of the announcement about Canadian National Railways the shares had e market value of £9.5m. Yesterday neither party would disclose the price paid by Tung for the shares.

Manchester's attractions lie in its North Atlantic cargo shipping business. Mr. Narby had hoped to merge that with his own Cast container operation which operates between Antwerp and Montreal but now claims thet the proceeds from the Menchester sale would be invested, if indirectly, in Cast which has signed deals recently for three new ships and is in negotiation with more shipbuilders.

For its part, Tung has decided to mop up the minority in Manchester, having acquired simply the majority as part of the Furness Withy package, and will run it as a complement to its existing North American interests through its one-third share of Dart Container Line. This operates a more southern Atlantic route than Manchester.

The key element now is the position of the remaining small shareholders, Tung is not required to make a compulsory bid for their shares but if it does bid the takeover code will apply.

PILKINGTON BROS. COMPLETION

The acquisition by Pilkington Brothers of holdings in Flachglas A.G. and Dahlbusch Verwaltungs-A.G. has been completed. This has given the UK group a direct and indirect interest of 61.67 per cent in Flachglas, and a direct interest of 81.48 per cent in Dahlbusch.

Pilkington paid BFr 7.5bn (£111m), of which BFr 5.7bn (£84m) was cash, to Mecaniver S.A., the Belgian subsidiary of BSN-Gervais Danone S.A., for its holdings in the two companies. The balance was satisfied by the issue of 11,857,707 new Pilkington shares.

Pilkington paid DM 120m (£28m) cash to Flachglas, for its holding in Dahlbusch.

BISHOPSGATE PROP.

The offer by Berkeley Hambro Property for Bishopsgate Property and General Investments has been accepted by holders of 6,399,326 ordinary shares representing 89.1 per cent of the ordinary for which the offer was made.

The offer has been extended until June 13.

WESTPOOL TRUST

Acceptances of the cash offers made on behalf of Whitehall Securities Corporation have been received in respect of 681,087 existing shares of Westpool (8.3 per cent of the existing issued share capital) and 118,838 shares arising from the conversion of £132,042 nominal of 5 per cent convertible loan stock 1989-94 of Westpool (16.0 per cent of the convertible loan stock). The cash offers have now closed.

All conditions to which the acquisition by Westpool of the LMS interests heve now been satisfied with the exception of the conditions relating to the meetings of Westpool shareholders and convertible loan stock holders. Subject to the passing of the resolutions to be put to these meetings, the cash offers and the acquisition will become wholly unconditional.

The proposed merger of the Rayne Trusts with Westpool Investment Trust is not to be referred to the Monopolies Commission.

NATIONWIDE LEISURE

Nationwide Leisure has disposed of the business of its loss-making industrial subsidiary, Ashley Overhill in two deals which preserve all the 58 jobs involved. The engineering side has been acquired by J. R. Yates Engineering of Luton which has already announced development plans and the foundry business has been transferred to Savair (UK).

The Luton-based Ashley Overhill group was bought for £1 in January 1979 by the former Board of Nationwide in e deal which was never reported to shareholders. The incoming Board found it ot be running at a loss of £100,000 per annum in a sphere of business totally unrelated to Nationwide's other activities.

The Board has announced its intention to develop leisure activities on e broad base.

ESTATES AND GENERAL DEAL

AGREEMENT HAS been reached whereby Estates and General Investments will buy the minority 24.12 per cent holdings in one of its subsidiaries, Wellfull Investments.

As 15 per cent of the capital is held by Mr. F. V. Savage, a director of Wellfull, the transaction is to be put to shareholders for their approval.

The terms of the agreement are that Estates and General will acquire the outstanding holdings in exchange for the issue of 556,370 new ordinary stock units in E. and G.

The directors believe it is in the best interest of the company to acquire the minority holdings in Wellfull so that it becomes a wholly-owned subsidiary. The directors and their financial advisers, Lazard Brothers and Co., consider the terms fair and reasonable.

Fenner to buy U.S. company

IN A move to strengthen and broaden its base J. H. Fenner and Company (Holdings), the power transmission engineering group, has agreed to acquire Stone Hydraulic Industries, a manufacturers of hydraulic equipment of Rockford, Illinois, for an initial consideration of $13.24m (£5.6m).

Fenner considers Stone to have above average growth potential and regards the acquisition as a natural extension of its power transmission business. The company sees scope for significant expansion of Stone's equipment, particularly in markets outside the U.S., where 22.4 per cent of Stone's sales were made in 1979/80.

Stone, which employs 200 people, has its own sales and distribution arrangements in the U.S. and a widespread network of distributors in other countries. Fenner has been involved in technical collaboration with Stone in the hydraulic engineering field end the marketing of Stone equipment for some six years.

Stone's group sales in 1979/80 amounted to $16.5m (£7m). Profits totalled $2.17m (£0.92m) and after tax the net figure was $1.49m. Net tangible assets at February 29, 1979 stood at $6.17m.

The initial purchase consideration included $2.6m which will be held in trust on legal grounds for two years as security for certain representations and warranties given by Stone. In addition the agreement provides for the payment of further amounts linked to a profit formula.

The initial consideration is to be financed with the assistance of Hill Samuel, the group's financial advisers. The arrangements are expected to involve the issue of some 5,945,000 Fenner shares, which Hill Samuel is conditionally arranging to place in conjunction with Sheppards and Chase.

S. JEROME

Through the purchase of Meracrown, S. Jerome and Sons (Holdings) has acquired the business and assets of CMR Electronics (Lines) from its Receivers, for £389,200 cash.

The assets of CMR, formerly part of Weldit Group, are shown at £364,200. Management accounts for the year to August 31, 1979, indicate substantially higher profits than the £41,652 pre-tax achieved in 1977-78.

Jerome, worsted spinner and cloth manufacturer, in October acquired Davis Safety Controls.

DUBILIER

Dubilier's 7-year Eurodollar loan is for the amount of $2.15m, not $15m as stated on Friday.

QUEENS MOAT

Queens Moat Houses will issue 1,812,903 ordinary shares to the vendor of Manor Hotel, Banbury.

RESULTS AND ACCOUNTS IN BRIEF

GIEVES GROUP (1980)—Results for year ended January 31, 1980, reported May 24 in full preliminary statement. Pro forma balance sheet shows fixed assets £3.65m, net current assets £3.51m. It is proposed to make an ex gratia payment to Mr. A. G. Allan. Meeting, Brown's Hotel, W, June 23, at 12.05 pm.

COATS PATONS (textile group)—Results for 1979 and prospects reported in full preliminary statement on May 15, 1980. Group fixed assets £165.4m (£150.26m), net current assets £243.45m (£268.58m). Historic profits of £53.53m (£71.21m) reduced to £24.82m (£43.3m) on a CCA basis. Decrease in net liquid funds £6.5m (£5m). Meeting, Glasgow, June 20 at noon.

SCOTTISH HERITABLE TRUST (property and distribution group)—Results for 1979 reported May 1. Fixed assets £2.04m (£2.07m). Net current assets £3.0m (£2.6m). Increase in bank and other short-term borrowings £173,000 (£925,000). Meeting, 11 George Square, Glasgow, June 25, noon.

SECURITIES TRUST OF SCOTLAND—Results for year to March 31, 1980, reported April 15. Net current liabilities £1.4m (£670,000). Meeting, Charlotte Square, Edinburgh, June 18, noon.

LONDON AND LENNOX INVESTMENT TRUST—Results for year ended March 31, 1980 already known. Chairman says last year's net revenue received a substantial boost from the dealing subsidiary and it may be difficult to match this performance this time. Listed investments in UK £4.95m (£5.78m), abroad £3.26m (£4.12m), unlisted £0.83m (£0.45m). Net current assets £48,098 (£565,555). Liquidity decreased £533,000 (£205,000 increase). Meeting, 2 St. Mary Axe, EC, June 18, 11.30 am.

LADBROKE GROUP (betting, retail hi-fi, hotels, holidays, property)—Results for year ended January 1, 1980 already reported with prospects. Current cost pre-tax profits £46.94m (£39.95m) compared with historical £49.19m (£41.45m). Group fixed assets £155.31m (£101.06m), current assets £63.21m (£48.43m), current liabilities £73.73m (£46.33m). Shareholders' funds £128.46m (£90.04m). Total finance employed £225.38m (£178.01m). Meeting, Winchester House, EC, July 2, at 11.10 am.

MARLEY PEARSON (merchant banking)—On pro-forma basis, pre-tax profits for year ended March 31, 1980 £88,493 (£62,534) before exceptional debit £3,814 (nil). Tax £28,068 (£18,265). Current assets £4.73m (£3.11m), current liabilities £4.21m (£2.82m). Mr. William Berry, a director, will succeed Mr. J. G. Wallace as chairman on July 1.

BRIXTON ESTATES—Results for 1979 reported in full preliminary statement on May 9. Investment properties £150.39m (£123.58m), other fixed assets £0.38m (£0.34m). Current assets £2.19m (£2.97m), current liabilities £7.55m (£5.4m). Annual valuation of investment properties showed surplus of £18.72m (£17.11m). Meeting, 22 Ely Place, EC, June 18, 12.15 pm.

EMRAY (industrial holding company)—Results for 1979 reported May 20. Group fixed assets £995,636 (£949,369), net current assets £1,131,544 (£1,188,174). Working capital decreased £40,484 (£248,583 increase). Chairman considers the company well placed to continue its improvement. At May 23, 1980, Rosano A.G. held 16.79 per cent of issued capital. Meeting, 81 Grosvenor Street, W, June 17, 10 am.

BULMER AND LUMB (worsted spinner)—Results for year to March 30, 1980, reported May 15. Current assets £7m (£7.4m). Current liabilities £3.7m (£4.2m), including bank overdraft £507,000 (nil). Meeting, Victoria Hotel, Bradford, June 19, 3.30 pm.

NINETEEN TWENTY-EIGHT INVESTMENT TRUST—Results for year to March 31, 1980, already reported. Investments £34.76m (£42.1m), of which £25.09m (£30.32m) listed in mid-market value in UK and £8.75m (£11.08m) overseas. Uninvested funds increased by £0.74m (£0.68m decrease). Directors expect to pay increased dividend for current year. Meeting, 1, Brewer's Green, SW, June 19, 3 pm.

PRIEST MARIANS (giftware importer and manufacturer of domestic furnishing lighting)—Pre-tax profit for eight months to December 31, 1979, £22,900 (£17,000). Turnover £487,000 (£451,000). Valuation of freehold property expected to show increase in excess of present depreciation of quoted investments of £36,000, compared to their cost of £109,000. Board expect profits for year to be sufficient only to maintain dividend at last year's level (5.74p net).

EDWARD JONES GROUP (building contractor and developer)—For 1979 turnover £5,534,590 (£5,193,140), pretax loss £22,635 (loss £27,941). Tax credits £132,705 (£15,427). Attributable less £110,070 (£11,708). No dividend (same). Board states that there was improved performance by contracting company during second half. Plant hire operations continued to trade at a loss. Since year-end group has disposed of its plant hire fleet.

MALLISON-DENNY (timber merchant and processor and general merchant)—Results for 1979 reported May 8. Current assets £123.76m (£103.37m), current liabilities £73.13m (£60.01m) including bank overdrafts £31.8m (£17.63m), increase in working capital £17.84m (£9.6m). Historic profits of £9.2m (£10.04m) reduced to £4.19m (£7.15m) on CCA basis. Meeting, London, E., June 23, at noon.

GARNAR SCOTBLAIR LIMITED

Tanners & Leather Manufacturers

	1980 £000	1979 £000
Turnover	39,875	31,687
Trading Profit	2,841	2,287
Profit before Tax	1,371	1,323
Profit after Tax	1,289	1,129
Dividends	333	255
Net Assets	9,353	7,483

Highlights from the Statement by the Chairman, Sir Kenneth Newton, Bt., O.B.E., T.D., for the year ended 31st January 1980.

- The Group has expanded to become one of the leading light leather tanners in Europe.
- Final dividend of 3.85p per share is recommended making total of 6.25p; representing an increase of 25%.
- An increase of 56% in exports to £17 million achieved despite strength of sterling indicating healthy world demand for our specialised products.
- Profits would have been considerably higher had it not been for very difficult trading conditions in heavy bovine sector of the industry.
- Future commitments in hides have been reduced, whilst safeguarding our lines of supply for sheepskins.
- Major profits contribution came from tanneries. There is a definite move in public preference towards use of natural raw materials and demand for light leathers of all descriptions remained strong.
- Raw material prices have fallen to more realistic values and Group will benefit from reduction in working capital needs.

GARNAR SCOTBLAIR LIMITED
The Grange,
Bermondsey, London SE1 3AQ.

COSALT

Results for year ended 30th December 1979

	1979 £'000	1978 £'000
Turnover	34,840	29,512
Profit before tax	1,713	1,602
Earnings per share	12.72p	14.28p
Dividend per share	3.50p	2.29p

In his statement to shareholders, circulated with the Annual Report, Mr. John Ross, Chairman, says:

"The policies of restricting development to within existing activities and of creating a positive cash flow should bring its due reward in 1980 with increased profits and increased dividends for shareholders."

He confirms that the mainstream activities of the Group continued to do well in 1979:

Ships' Chandlery Division sales increased by 17% and trading profits by 31%.

Caravan Division with sales up 25%, did well to maintain trading profits in depressed market conditions.

Refrigeration and Air Conditioning Division recovered well after a slow start and reported similar profits to last year.

Copies of the Report and Accounts may be obtained from the Secretary, Cosalt Limited, Fish Dock Road, Grimsby, Sth Humberside DN31 3NW.

COSALT

WestLB

Westdeutsche Landesbank now has opened a representative office in Toronto.

Mr. Thomas F.C. von Platen, Representative, will be at your disposal in all matters of international finance.

Westdeutsche Landesbank Girozentrale
Representative Office for Canada
1 First Canadian Place
P.O. Box 182
Toronto, Ontario M5X 1A6
Telephone: (416) 869 1085
Telex: (21) 65 22051

Westdeutsche Landesbank Girozentrale

Düsseldorf Münster

a strong force in wholesale banking

Offices abroad in
London, New York, Tokyo, Luxembourg, Hong Kong, Rio de Janeiro, Melbourne.

Anglo American Corporation of South Africa Limited

(Incorporated in the Republic of South Africa)

Preliminary Profit Announcement and Consolidated Balance Sheet and Notice of Final Dividend on the Ordinary Shares

Subject to final audit, the abridged consolidated income statement of the Corporation and its subsidiary companies for the year ended March 31, 1980 and the abridged consolidated balance sheet at that date are as follows:—

CONSOLIDATED INCOME STATEMENT

	1980 R millions	1979 R millions
Investment income—general investments	321.4	220.6
Interest earned and fee income less expenses	113.9	82.8
Trading profits	8.4	8.4
Surplus on realisation of general investments	13.4	11.6
	457.1	323.4
Interest paid	53.4	44.1
Costs of prospecting	17.2	11.8
Provision against loans	4.0	2.5
	74.6	58.4
Profit before taxation	382.5	265.0
Taxation	24.6	16.9
Profit after taxation	357.9	248.1
Outside shareholders' interests in profits of subsidiary companies	46.8	42.7
Preferred stock and preference share dividends	4.5	3.4
	51.3	46.1
Profit Attributable to Ordinary Sharehnlders Before Extraordinary Items	306.6	202.0
(Earnings per share) (Note 1)	(136.1 cents)	(90.2 cents)
Ordinary dividends (Note 2)	157.7	103.0
Retained profit before extraordinary items	148.9	99.0
Extraordinary items (Note 3)	2.4	6.9
Retained profit after extraordinary items	146.5	92.1
Unappropriated profit, March 31 1979	10.7	17.5
Adjustments to unappropriated profits brought forward	(0.1)	1.1
	10.6	18.6
	157.1	110.7
Appropriation to reserves	140.0	100.0
Unappropriated profit, March 31 1980	17.1	10.7

CONSOLIDATED BALANCE SHEET

	1980 R millions	1979 R millions
Ordinary shareholders' equity		
Ordinary share capital	22.5	22.4
Share premium	14.4	5.9
Non-distributable reserves	379.3	366.7
Distributable reserves	693.4	560.2
	1 109.6	955.2
Preferred stock and preference shares		
Preferred stock	4.8	4.8
Preference share capital	1.0	1.0
Preference share premium	39.0	39.0
	44.8	44.8
	1 154.4	1 000.0
Outside shareholders' interests in subsidiary companies	112.8	103.4
Loan capital	131.4	146.3
Life insurance funds	690.3	570.4
Loans	1 590.8	609.4
Other liabilities		
Creditors, taxation and provisions	87.7	69.0
Shareholders for dividends	113.8	72.8
Bank overdrafts	4.0	11.5
	205.5	153.3
	3 885.2	2 582.8
Represented by:		
Investments		
General investments:		
Listed—market value R5 058.2 million (1979: R3 071.4 million)	1 012.4	747.5
Unlisted—directors' valuation R364.9 million (1979: R314.5 million)	118.0	131.4
	1 130.4	878.9
Life insurance investments	787.8	678.9
	1 918.2	1 557.8
Fixed assets	47.1	39.1
Leasing assets	9.7	9.8
Instalment debtors	11.3	13.5
Loans—less provision	326.0	266.6
Other Assets		
Stocks, stores and work in progress	11.3	9.5
Debtors	191.2	138.7
Cash on deposit, at call and short notice	1 370.4	547.8
	1 572.9	696.0
	3 885.2	2 582.8

Notes:

1. If the Corporation's share of the undistributed profits of the investments, in which it and its associates hold in aggregate 20 per cent or more of the equity, were taken into account, the estimated total earnings per share would be 260 cents (1979: 184 cents).

2. Ordinary dividends comprise:

	1980 R millions	1979 R millions
No. 87 (interim) of 20 cents per share (1979: 14 cents) declared November 27 1979	45.0	31.2
No. 88 (final) of 50 cents per share (1979: 32 cents) declared June 2 1980	112.7	71.8
	157.7	103.0

3. The extraordinary items are as follows:

	1980 R millions	1979 R millions
Net profit on disposal of investments	(16.4)	—
Provision against investments in Cleveland Potash Limited	22.0	16.3
Botswana RST Limited	3.8	—
Prior years' investment provisions:		
Tax relief claimed	(7.0)	(8.4)
Changes in exchange rates	Nil	(1.0)
	2.4	6.9

FINAL DIVIDEND ON THE ORDINARY SHARES

A final dividend (No. 88) of 50 cents a share (1979: 32 cents) in respect of the year ended March 31 1980 has been declared payable on July 25, 1980 to holders of ordinary shares registered in the books of the Corporation et the close of business on June 20, 1980 and to persons presenting coupon No. 93 detached from share warrants to bearer. This dividend, together with the interim dividend of 20 cents a share declared on November 27, 1979, makes a total of 70 cents a share for the year (1979: 46 cents). A notice regarding payment of this dividend to holders of share warrants to bearer will be published in the Press by the London Secretary on or about June 6, 1980.

The ordinary share transfer registers and the ordinary section of the register of members will be closed from June 21 to July 4, 1980, both days inclusive, and warrants will be posted from the Johannesburg and the United Kingdom offices of the transfer secretaries on or ehout July 24, 1980. Registered shareholders paid from the United Kingdom will receive the United Kingdom currency equivalent on July 15, 1980 of the rand value of their dividends (less appropriate taxes). Any such shareholders may however elect to be paid in South African currency, provided that the request is received at the offices of the Corporation's transfer secretaries in Johannesburg or in the United Kingdom on or before June 20, 1980.

The effective rate of non-resident shareholders' tax is 13.684 per cent.

The dividend is payable subject to conditions which can be inspected at the head and London offices of the Corporation and at the offices of the Corporations' transfer secretaries, Consolidated Share Registrars Limited, 62 Marshall Street, Johannesburg 2001, end Charter Consolideted Limited, Charter House, Park Street, Ashford, Kent TN24 8EQ.

By order of the board
J. T. GOLDFINCH
Managing Secretary

London Office:
40 Holborn Viaduct
EC1P 1AJ
June 3 1980

Head Office:
44 Main Street
Johannesburg 2001

NORTH AMERICAN NEWS

Great Western in $221m savings and loan bid move

BY DAVID LASCELLES IN NEW YORK

GREAT WESTERN Financial yesterday bid $221m for Financial Federation, another Los Angeles-based savings and loan group, a merger proposal which if successful will create one of the largest savings and loan institutions in the U.S. Financial Federation said it would study the offer and respond by June 13.

Great Western said yesterday that it had made the approach after talking to representatives of Financial Federation, but there was no suggestion that the bid had been agreed. The offer is worth $52.65 a share, nearly double the $28 at which the company's shares have recently been trading.

Great Western is the third largest publicly quoted S and L in the U.S. At March 31 it had assets of $9.6bn, compared with a little more than $12bn for the country's largest, Home Savings and Loan, also of Los Angeles. Financial Federation's assets are $2.4bn.

That all these institutions are Californian is no accident. The state has traditionally led the country's savings and loans industry, both in terms of size and inventiveness. The state's laws relating to deposit-taking are also somewhat less stringent than those in many other highly developed states.

Great Western's bid is the second approach Financial Federation has received in recent weeks. Gibraltar Financial offered $45 a share, but was rebuffed on the grounds that the terms were inadequate.

Financial Federation has been somewhat vulnerable to takeover because, like many S and Ls, it was badly hit by the record interest rates of the last six months. On the other hand, the recent decline in rates had greatly improved the prospects not only for loan demand, but also for the S and Ls interest rate spreads, and therefore for profits.

S and Ls are akin to building societies in the UK insofar as they provide one of the main channels for housing finance and mortgages. However, they also offer some of the services traditionally found at commercial banks and they compete directly with the commercial banks for funds.

MGM's share rise frustrates Kerkorian

By Ian Hargreaves in New York

MGM FILMCO, the newly-spun-off film company of Metro Goldwyn Mayer, hit the New York Stock Exchange with a splash yesterday, its shares trading at $9.5 each.

The immediate effect was to render obsolete a bid announced before the market opened by Mr. Kirk Kerkorian, the Californian financier, to buy 5 per cent of the new company's stock for $5 a share and so acquire a controlling interest. Mr. Kerkorian already owns 47 per cent of the company. He also owns about 25 per cent of Columbia Pictures.

The upbeat entry of the new stock clearly took Mr. Kerkorian and his advisers at Tracinda Investment Corporation in Los Angeles by surprise. "We are regrouping to consider our position. Clearly we do not expect to be offered too much stock at that price," Tracinda said.

MGM Filmco stock is to be distributed shortly to shareholders of Metro Goldwyn Mayer under a formula agreed last week at the annual shareholders' meeting.

The spin-off leaves behind MGM Grand Hotels, which will operate the company's hotel and gambling interests.

Mr. Frank Rosenfelt, chairman of MGM Filmco, has announced that he intends to more than double the company's annual film production to 12 to 15 pictures a year.

MGM Grand Hotels opened on the New York exchange at 21⅛ yesterday, down $1.25 from the close of the un-split MGM stock on Friday.

G & W lifts payout

Gulf and Western Industries, the diversified industrial holding company, is to pay a quarterly dividend of 18¾ cents a share on new stock to shareholders of record on June 13, AP-DJ reports from New York. This is equal to 23.4375 cents on shares outstanding prior to a recent five-for-four stock split. The company paid 18¾ cents a share quarterly before the split.

Schering takeover

Schering-Plough, the pharmaceuticals group, has agreed to purchase Chemibiotic (Ireland), Reuter reports from Kenilworth. The purchase, made for an undisclosed amount of cash, is subject to certain Government approvals.

Republic Steel cuts forecast for U.S. industry's output

BY OUR FINANCIAL STAFF

REPUBLIC STEEL, the fifth largest U.S. producer, has reduced its forecast for shipments of steel by the U.S. industry and is making further production cuts.

It said yesterday that its projection for the industry was now down to 85m tons or less, compared with previous forecasts of 88m tons and total shipments in 1979 of 100m tons.

It said it was stretching its capital spending, making further downward adjustments to operations and taking "a critical look at all production and overhead costs" as a result of the worsening steel market and the prominence of imports. It said no firm decisions had yet been taken.

After reporting a drop in first quarter earnings this year from $43m to $20.6m the company said that business in the first quarter had been somewhat stronger than had been expected earlier in the year.

Meanwhile, Inland Steel, which ranks with Republic in the U.S. steel industry league, said yesterday that Jackson County Iron Company, a subsidiary, was to reduce iron ore mining and pelletising operations to a four-day week. The production cut is expected to continue until mid-November, but unless Inland's level of steel orders increased significantly the mine might be shut down for the remainder of 1980. It said that Inland's steel mill currently had 1,269 employees laid off and a further 4,300 on short-time working.

Inland Steel had previously announced a five-month reduction in operations at its Minorca mine in Minnesota.

Dana to close truck axle plant

By Our Financial Staff

DANA CORPORATION, manufacturers of components for the industrial, motor vehicle and service parts market, is to sell its truck axle-making plant at Edgerton, Wisconsin, within the next 90 days.

The group said the sharp decline in light truck sales and Dana's projected lower demand for its light truck axles during the next decade prompted the plant closure. The company also said it has made a decision to reduce its involvement in the light truck market.

Strong prospects prompt Texaco spending boost

BY OUR NEW YORK STAFF

TEXACO, the third largest oil company in the U.S., announced yesterday that it will increase its capital outlays this year in the light of its strong earnings.

Together with an earlier announced increase, Texaco will now spend about $2.6bn, or $500m more than first planned. Texaco is also investing $500m in companies where its interest is 50 per cent or less, bringing total outlays to just over $3bn.

Most of the outlays will go on oil and gas exploration and production, a large part of it in the U.S. other investments include manufacturing, petrochemicals, transportation and marketing.

Mr. John McKinley, president, said the increases have been made possible by the company's strong earnings performance for the first quarter of 1980 and by present indications that a continuation of favourable results is anticipated for the remaining three-quarters of this year.

IC Industries sales and income set first quarter records. By design.

CONSOLIDATED STATEMENT OF INCOME For the three months ended March 31, 1980 compared with same period 1979.		
(Dollars in millions except per common share amounts)	Three months ended March 31, 1980	Three months ended March 31, 1979
Sales and Revenues	$972.8	$838.6
Income From Continuing Operations	$ 22.5	$ 5.9
Income Per Common Share From Continuing Operations	$ 1.04	$ .00

IC Industries income from continuing operations for the first three months of 1980 set a new record of $22.5 million (nearly four times the $5.9 million earned for the first quarter of 1979).

First quarter sales and revenues were $973 million, up 16 percent compared with $839 million last year. Primary income per common share from continuing operations was a record $1.04, compared with 00 (zero) cents a year earlier.

Strong performances by Illinois Central Gulf Railroad and the Abex Corporation were major factors in the improved consolidated results.

Railroad Revenues Up 36 Percent Over Last Year.

A turnaround which began in the fourth quarter of 1979 for IC Industries Railroad Activities was the single most significant factor in the substantial 1980 first quarter improvement over a year ago.

These activities (which include railroad operations and railroad real estate) contributed $18 million to first quarter pre-tax income. This is an increase of $38.3 million compared to the $20.3 million loss for the first quarter in 1979 due to severe winter conditions.

Revenues for the quarter were $255 million. A 36 percent increase over 1979.

Abex First Quarter Pre-Tax Income A Record $20 Million.

Abex has traditionally been a major contributor to IC Industries total earnings. This tradition is continuing into the 1980s as evidenced by a first quarter record of $20 million in pre-tax income. Up 10 percent over the year before.

Abex sales for the quarter were $252 million. An 18 percent increase over a year ago. The backlog of unfilled orders at the end of March was $622 million. Over 50 percent greater than last year.

Abex Long-Term High Technology Program for NATO.

A current long-term program for Abex technology includes high-strength castings for the turbine engines of the XM-1 main battle tank to be used by the U.S. Army and other NATO nations.

With present projections for more than 7,500 units, Abex revenues from XM-1 tank orders alone would exceed $80 million.

Hussmann and Midas Continue International Expansion.

Our Hussmann group is the worldwide leader in food store merchandising, refrigeration equipment and environmental systems. A number of additional new products, with emphasis on energy efficiency, are planned for 1980, as well as continued emphasis on international expansion and increased participation in world markets.

Midas plans for 1980 call for addition of another 133 automotive service shops worldwide. Forty-three of those shops will be outside North America and geared toward growth in Western Europe and Australia.

Off to a Good Start for the 1980s.

We entered 1980 with the highest year-end backlog in history. Up 39 percent.

Thanks to our planned diversification over the past eleven years, IC Industries today has a broad base of strength, particularly in commercial and consumer products and should produce reasonably stable earnings, even during periods of economic decline.

If you'd like to know more about our design for growth, write: IC Industries, Inc., European Office, 55, ch. Moise-Duboule, 1209 Geneva, Switzerland, Tel. (41.22) 98.23.11, Telex 22884.

IC Industries
Growth by design.

BRAZILIAN MOTOR INDUSTRY

Totting up the strike cost

BY RIK TURNER IN SAO PAULO

THE BRAZILIAN motor industry has totted up the cost of the 41-day metalworkers strike as a loss of output of 75,000 vehicles worth Cr 19.5bn ($389.7m). Exports worth $54m were included in this total.

The metalworkers themselves were out of pocket by Cr 1.5bn ($30m) and Government losses came to Cr 6bn ($120m) in taxes not paid.

However, in spite of a severe drop in vehicle sales in April, down 61 per cent to 29,100, over the first four months of 1980 tha fall was much smaller—only 1.5 per cent on the comparable period last year from 279,200 to 275,000, according to the National Association of Vehicle Manufacturers (ANFAVEA).

Tha main reason was that car prices were frozen at the end of 1979 as part of the Government's anti-inflation policies, and rises finally came into force only in April, a month later than expected. As the increases were expected to be between 12 per cent and 15 per cent, there was a rush by buyers in tha weeks leading up to the increase.

It should also be noted that ANFAVEA's figures are for all major manufacturers, including those, such as Fiat, were not affected by the strike. Fiat's factories are on Rio de Janeiro and Minas Gerais, outside Sao Paulo's ABC industrial zone where the bulk of Brazilian cars are produced, and where the strike was centred. Fiat's sales for the first four months of 68,300 were, in fact 22.1 per cent up on last year, indicating that it was able to take advantage of its competitors' difficulties.

A similar case was General Motors whose factory is in the Sao Paulo area but in a region where the union decided to call off the strike after a week. Thus GM's four-month figures again show an increase, of 14.5 per cent, with 41,600 vehicles sold.

Hardest hit among car manufacturers was Volkswagen, with an 11 per cent drop in sales over the four months from 138,000 in 1979 to 122,800 this year. Ford's sales dropped 9.7 per cent from 43,700 to 39,500.

However, VW regards its problems in Brazil as little more than transitory. Its market share, even after the 5 per cent drop in the January-April period is still 44.6 per cent, bigger than the combined share of Ford and GM.

VW is to launch a "car for the Third World," projected exclusively for production outside the developed countries, where its equivalent is the Golf. Called the Gol, it will compete for the slice of the Brazilian market presently contested by Fiat's 147 (derived from the 127) and GM's Chevette, as well as VW's own Brasilia. Its initial version will be equipped with the Beetle's 1,300 cc engine, a low-performance but high-reliability engine suited to road and climatic conditions in the Third World. The Gol is intended to take a considerable slice of the market away from the Fiat and may well dent the Chevette's sales figures. Meanwhile, VW's own Brasilia can withstand competition, according to market analysts, as a result of its pool of customers who stick with the Brasilia because of its length of time on the market.

In any case, the Brasilia is rumoured to be dne for phasing ont by the end of 1981. A later version of the Gol, to appear at the end of this year or the beginning of 1981, will be fitted with the 1,600 cc engine used in the VW Passat, increasing even further its potential.

As well as the promising Gol project, VW has been expanding its activities with healthy profits coming from Argentina where 5,000 cars were exported in a pilot scheme which came after the West German parent company's acquisition of Chrysler Argentina at the end of 1979. The Brazilian VWs were so well received in Buenos Aires that the company had to stop advertising as the cars sold out within a week. With the Beetle retailing in Argentina at $15,000 compared with the Brazilian price of $3,000, the Argentine connection is likely to be further developed by VW do Brasil.

The first step in this direction came with a recent reduction in tariffs on car imports in either direction to a uniform 30 per cent from the previous 100 per cent rate. This will benefit the VW do Brasil exports to Argentina in the short term and once the former Chrysler factory in Argentina has been converted for the manufacture of VW vehicles it will provide a useful buffer for the company against strikes.

U.S. bid planned by German engineers

By Roger Boyes in Bonn

MANNESMANN, THE West German steel and engineering group, still bas a U.S. takeover in mind despite the failure of its bid for Harnischfeger, the Milwaukee-based heavy equipment manufacturer.

Senior executives stress that the group was still strongly interested in U.S. engineering concerns but that this time it would liaise more closely with the Federal Trade Commission.

The FTC opposed the $245m Harnischfeger bid on the grounds that a takeover would have monopoly implications in seven separate U.S. markets for industrial and mining equipment.

It was widely assumed wben Mannesmann called off the bid late last year that its U.S. expansion would now have to be on the basis of increased direct imports or by extending existing facilities. In many ways the latter assumption still holds good.

The gronp believes that it will have to build np a service network for its Rexroth oil-hydraulics subsidiary which is already active on the U.S. market. Rexroth last year took over the Tally Corporation and merged it with its New York operation, Mannesmann Precision Instruments. Rexroth also took over Wooster, an Ohio hydraulics concern.

But it is now clear that Mannesmann has not given up its plans to acquire a medium-sized U.S. industrial equipment concern. The German group bas a considerable amount of authorised capital available for such a purpose.

Mannesmann's shift of focus towards the U.S. is partly because of the traditional attractions of direct investment for German companies—lower labour and prodnction costs. But it also reflects the limited growth potential in some well established Mannesmann markets, notably the Soviet Union. Turnover of trade with the Soviet Union was DM 1.4bn in 1978 and about DM 1bn last year.

Much of Mannesmann's business with the Soviet Union bas been in large diameter pipes which have been going through a bad patch. Comecon countries in general accounted for DM 1.59bn of Mannesmann business last year which was marginally down on 1978. There is still some growth potential in the Soviet market, executives stress. But there are also less politically vulnerable markets available.

Thus Mannesmann has invested heavily in Brazil, one of the group's fastest growing sectors. The group bas a powerful market position there with crude steel capacity reaching 700,000 tonnes and tube production of 350,000 tonnes. There are what Mannesmann executives choose to call "unfavourable conditions" in Brazil, like high inflation, but it is still going ahead with the expansion of its steelworks, its pipe and tube sector and its machinery and plant construction division.

The U.S. nonetheless remains one of the prime targets of future Mannesmann investment overseas. The decline in exports sales to the U.S. last year from DM 643m to DM 534m has merely served to underline the advantages of direct investment when it comes to price competitiveness.

Pemex plans Euromarket issue

BY PETER MONTAGNON

The Mexican oil group, Pemex, is to float an eight-year tap issue in the Eurobond market with an initial tranche of $75m to be followed by a further $50m at the borrower's option later this year. Indicated terms were set yesterday by issue managers Swiss Bank Corp and Merrill Lynch International, providing for a coupon of 11¾ per cent and issue price of par.

This will be the first Pemex issue in international bond markets fo rmore than a year. Proceeds will go towards the company's capital spending projects, which are expected to account for just over £4bn this year against $3.6bn in 1979.

However, wth the company's turnover last year exceeding $7bn, an increasing proportion of the capital spending requirement is being generated internally with the result that Pemex has become a less prolific borrower than it was in the past.

Straight dollar Eurobonds weremarked slightly lower yesterday in quiet trading as short-term dolar interest rates edged higber. Sterling issues by contrast fell abont ½ point.

Dealers said the drop was due to expectations that a new Eurosterling FRN would be launched shortly for Lloyds Bank. The amount is believed to be £50m, which is a large issue for the relatively thin sterling market.

In Germany, Deutches Bank has arranged a DM 50m private placement for Estel NV, the Dutch metals group. The coupon is 8¼ and issue price is par.

DM foreign bond prices were slightly lower yesterday, with investors hesitant ahead of today's Federal Government issue on the domestic market. Swiss franc foreign bonds were about unchanged.

FT INTERNATIONAL BOND SERVICE

The list sbows the 200 latest international bond issnes for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on June 2

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	50	91½	92½	−0½	+1½	11.49
Australian Res. 9⅞ 84	30	94½	95	−0½	+1	11.25
Beneficial Fin. 9½ 87	100	91⅞	92¼	−0¼	+2¼	11.47
CECA Grad. Rate 12 86	100	†97⅞	98½	−0⅛	+3	12.42
CECA 11½ 90	50	98⅝	99	−0⅛	+1½	11.84
CECA 11½ 88	100	98	98½	—	—	11.64
Canadian Pacific 9¾ 89	50	91½	92¼	−0⅛	+1¾	11.21
Carter Hawley 9¾ 86	50	91⅞	92¼	−0⅛	+2	11.66
Continental Grp. 9⅞ 89	100	92½	93	−0⅛	+2½	11.33
Denmark 11½ 90	100	98⅞	98⅞	—	—	11.99
Dome Petroleum 13½ 92	50	101⅞	102	−1⅛	+2⅜	13.18
EIB 11½ 92	80	98⅜	99¼	−0⅛	+2½	11.91
EIB 13¼ 90	100	107	107½	−0½	+1½	12.43
Eksportfinans 11½ 87	50	98⅞	99⅞	0	+1½	11.47
Export Dv. Cpn. 9¾ 84	150	95⅜	96	−0⅜	+1½	11.03
Export Dv. Cpn. 12⅞ 87	100	104⅞	105⅜	−0⅜	+1⅜	11.63
European Comm. 11 95	75	96⅜	96⅝	—	—	11.52
Federal Dev. Bk. 12¼ 85	75	102⅞	103⅜	−0⅛	+1⅞	11.38
Ford O/S Fin. 12⅞ 85	250	100⅞	100⅞	—	—	12.44
George Weston 13⅞ 87	30	*†100⅞	101⅛	—	+3⅛	13.30
GTE Finance 9⅝ 89	55	86⅞	87⅛	−0⅛	+1	12.21
GMAC 9⅝ 89	100	91⅞	91⅞	−0⅛	+0⅞	11.26
GMAC O/S Fin. 11 84	100	98⅞	99⅜	−0⅛	+0⅛	11.44
GMAC O/S Fin. 13½ 85	100	105	105½	−0⅛	+1	11.87
Goodyear O/S 12½ 87	75	97⅜	98⅛	—	—	12.95
ICI Fin. Ned. 11 83	100	99½	100	—	—	11.10
Kennecott Int. 9½ 86	100	85⅞	86⅜	+0⅛	+1⅞	12.98
McGraw 13½ 85	75	100⅜	100⅞	−0⅛	+2⅛	13.34
Michelin 10 94	125	87⅛	87⅜	0	+0⅜	11.85
Nat. Des. Telecom. 9½ 86	100	92½	92⅞	0	+0⅜	11.31
New Brunswick 9¾ 94	75	86⅞	87⅜	−0⅛	+2	11.66
Newfoundland 10 94	50	89⅛	89⅝	−0⅛	+0⅞	11.54
Norway 9⅝ 94	150	95⅛	95⅝	−0⅛	+1⅛	10.96
Norwest Ind. 13⅞ 87	50	99½	100	+1⅛	+1⅜	13.87
Nova Scotia Pwr. 9⅞ 89	50	90⅞	91⅛	−0⅛	+1⅛	11.43
Sears Roebuck 9 82	150	96⅞	97	−0⅛	+0⅜	11.13
SNCF 12½ 85	50	103½	104	−0⅛	+1½	11.34
Statoil 9⅞ 89	50	90⅞	91⅛	−0⅛	+1⅛	11.21
Swed. Ex. Cred. 12½ 85	40	101⅞	102⅛	−0½	+0⅞	11.92
Sweden 9¾ 89	100	91½	91⅞	−0⅛	+2	11.33
Sweden 8¼ 84	100	95⅝	96	−0⅛	+1	11.04
Warner-Lambert 8 84	100	93⅞	94⅛	−0⅛	+1⅛	10.85

Average price changes... On Day −0⅛ On Week +1⅜

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 10 90	200	108⅛	108⅝	−0½	+0½	8.68
Australia 8¼ 90	250	100⅞	101⅜	0	+1½	7.96
BFCE 7¾ 87	100	98⅝	98⅞	0	+0⅜	8.04
BFCE 8⅞ 85	100	98⅞	99⅜	+0⅛	+2⅜	8.28
Brazil 8 87	150	95⅝	96⅜	+0⅛	+4⅛	8.72
CFCA 7 91	150	91⅞	91⅞	−0⅛	−0⅜	8.21
Council of Eur. 7¾ 89	100	93⅞	94⅜	−0⅛	+0⅛	8.18
Denmark 7⅞ 89	100	97⅜	98⅛	0	+1⅛	8.37
Denmark 8¼ 92	100	98⅜	98⅞	0	0	8.46
EEC 7⅞ 94	225	97⅜	98⅜	0	+2⅛	8.11
EIB 7½ 89	200	96⅛	96⅝	+0⅛	+2⅛	8.08
Finland Rep. of 8 86	150	97⅜	98⅛	+0⅛	+1⅛	8.39
Kobe, City of 7⅛ 89	150	95⅛	96⅛	0	+2	7.73
Neder. Gasunie 8 88	100	102⅞	103⅛	0	+2⅛	7.44
New Zealand 7¾ 87	200	95⅛	96⅛	−0⅛	−1	7.90
Norway 7⅞ 85	250	99⅞	99⅞	−0⅛	+0⅞	7.68
OKA 7⅞ 89	100	95	95½	−0½	+2⅞	8.08
Oslo, City of 8¾ 90	80	100⅞	101⅛	+0⅛	+0⅛	8.55
Sweden 9⅞ 87	200	105⅞	106⅛	−0⅛	+1	8.54
World Bank 7⅝ 91	400	96⅛	97	−0⅛	+1⅛	8.22
World Bank 7⅞ 90	250	97⅞	98⅜	0	+1⅜	8.19
World Bank 10 86	150	106⅞	107⅜	−1⅛	−0⅞	8.39
World Bank 10 90	200	[illegible]	109½	−1⅛	−0⅞	8.65

Average price changes... On Day −0⅛ On Week +1⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 5½ 89	80	93	93½	−0⅛	−0⅛	6.50
Aumar 5 89	80	93⅛	93⅜	+0⅛	0	5.94
Australia 3¾ 89	250	89⅜	90	−0⅛	−0⅛	5.07
Bergen, City of 4¾ 91	40	93⅛	93⅜	+0⅛	+1⅛	5.55
BNOE 5 89	75	86⅜	87	−0⅛	−0⅜	6.99
BMW Overseas 4⅝ 91	100	92	92½	0	+0⅛	5.18
Buhrmann-Tetterode 7 90	40	104⅜	105⅛	0	+0⅛	6.29
Caisse Nat. Tele. 4⅜ 89	100	93⅞	94	−0⅛	+1⅛	5.24
CCCE 5⅜ 90	100	103	103½	+0⅛	+2⅜	5.31
Copenhagen 4⅝ 91	90	89⅜	89⅞	−1⅛	+1⅛	5.79
Council of Eur. 5 89	100	95	95½	−0⅛	+2	5.66
EIB 4½ 91	100	92	92½	−0⅛	+1	5.45
EIB 4⅞ 94	100	86⅞	87	+0⅛	−0⅞	5.75
Elect. de France 4⅜ 89	100	94	94½	−0⅛	+1⅛	5.16
GZB 4⅜ 89	100	92	92½	+0⅛	+2⅛	5.72
Hilti 4⅝ 91	35	†93	93⅜	0	−0⅛	5.04
Int.-Amer. Dev. 4⅞ 89	100	[illegible]	[illegible]	−0⅛	+3⅛	5.52
Int.-Amer. Dev. 7 90	80	106⅛	107	+0⅛	+1⅛	6.07
Jutland Tele. 5⅜ 90	80	100⅛	101⅛	+0⅛	0	5.36
Malaysia 6 89	80	90⅛	90⅞	+1⅛	+1⅛	6.35
Nippon Tel. & T. 4⅜ 88	100	94	94⅜	+1	+1⅛	5.03
Nordic Bank 5 89	45	97	97½	0	−1	5.39
Norges Komm. 4⅝ 91	100	92½	93	+0⅛	+4⅛	5.23
OKB 4⅝ 91	100	91	91⅛	+0⅛	+2⅛	5.44
OKA 8 90	100	103⅞	103⅞	+0⅛	−0⅛	5.51
Oslo, City of 4⅝ 91	100	90	90⅛	+0⅛	+3⅛	5.65
Shikoku El. Pwr. 4⅜ 89	100	94	94⅜	−0⅛	+0⅛	5.58
Steweag 4⅝ 91	80	†94	94⅛	0	+0⅛	5.45
Voest-Alpine 4⅜ 89	90	96⅛	97	+1	+3⅛	5.21
World Bank 4½ 89	100	[illegible]	[illegible]	+0⅛	+1⅛	5.38
World Bank 4⅝ 89	150	†92	92½	0	+0⅛	5.45
World Bank 4⅝ 91	100	92	92½	−0⅛	+0⅛	5.56

Average price changes... On Day 0 On Week +1⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	91	92⅛	0	+0⅛	8.58
Australia 6½ 88	20	86⅜	87⅛	0	+1⅛	8.83
EIB 7⅜ 89	12	92⅜	94⅛	−0⅛	+0⅛	8.84
Finland 6.8 83	10	90⅞	92⅛	+0⅛	+1	8.69
Finland 8.8 88	10	88	89	0	+2⅛	8.90

Average price changes... On Day 0 On Week +1⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10½ 86 C$	60	93⅜	94⅛	0	+1	12.10
CIBC 13½ 85 C$	50	103⅜	103⅞	−0⅛	+1	12.50
Cr. Foncier 10⅛ 84 C$	30	†91⅞	92⅛	0	+1⅛	12.89
Fst. Can. Inv. 10 84 C$	30	93⅛	94	0	+0⅛	12.07
GMAC 12 85 C$	30	[illegible]	[illegible]	—	—	17.23
Quebec 10⅛ 86 C$	50	92⅛	94⅛	+0⅛	+1⅛	11.83
R. Bk. Canada 10 86 C$	40	93⅛	93⅞	−0⅛	+3⅛	11.53
R. Bk. Canada 10 94 C$	40	87⅞	88⅛	−0⅛	−0⅛	11.79
Tordom Cpn. 13½ 85 C$	30	103⅛	103⅞	+0⅛	+1⅛	12.47
M. Bk. Dnmk. 8 91 EUA	25	95⅛	96⅛	0	+1	9.40
SOFTE 8¾ 89 EUA	40	86⅞	87⅛	0	+2⅛	10.80
U. Bk. Nrwy. 9⅞ 90 EUA	38	97⅜	98⅛	+0⅛	+0⅛	9.81
Algemene Bk. 8⅛ 84 Fl	75	97⅜	97⅞	−0⅛	−0⅛	8.86
Ned. Gasunie 8⅜ 84 Fl	50	99⅞	99⅞	+0⅛	+0⅛	8.38
Ned. Middbk. 8¾ 84 Fl	75	98⅜	98⅞	+0⅛	+0⅛	8.40
Norway 8¼ 84 Fl	100	97⅜	97⅞	+0⅛	+0⅛	9.08
Norway 8¼ 84 Fl	100	97⅛	97⅞	+0⅛	+0⅛	8.39
Philips Lamps 8⅜ 84 Fl	75	97⅜	98	+0⅛	+2⅛	8.98
Air France 11 84 FFr	120	94⅞	95⅜	−0⅛	−0⅛	12.46
CECA 14½ 89 FFr	150	103⅛	103⅞	−0⅛	−0⅛	13.35
Euratom 9⅞ 87 FFr	150	84⅜	85	0	−0⅛	13.25
Finland 11 84 FFr	80	94⅞	95⅛	+0⅛	+0⅛	12.51
Finland 11⅛ 89 FFr	70	92	92⅛	+0⅛	+0⅛	12.92
Gaz de France 11 84 FFr	150	94⅞	95⅜	−0⅛	−1	12.46
IBM France 11⅞ 84 FFr	120	96⅞	97⅛	+0⅛	0	12.69
Renault 9⅞ 85 FFr	100	85⅞	86⅛	0	+0⅛	13.31
Saint-Gobain 9¼ 86 FFr	130	84⅞	85⅛	0	+0⅛	13.61
Solvay et Cie 9⅞ 87 FFr	125	82⅜	83	+0⅛	+0⅛	13.89
Beneficial Fin. 14½ 90 £	20	98⅛	98⅞	—	—	14.56
Citicorp O/S 13½ 90 £	50	97⅛	97⅞	−0⅛	+0⅛	13.56
EIB 11½ 91 £	25	91⅛	91⅞	−0⅛	+3⅛	12.89
Fin. for Ind. 12½ 89 £	30	95⅞	96⅛	−1⅛	+1	13.25
Fin. for Ind. 14½ 89 £	20	100⅞	101⅛	−0⅛	−0⅛	14.29
Gen. Elec. Co. 12⅞ 89 £	50	97⅛	98⅛	−0⅛	+2⅛	12.87
Swed. Ex. Cr. 15⅛ 85 £	20	101⅞	102⅛	−0⅛	−0⅛	14.54
Indonesia 8⅞ 91 KD	7	†93	93⅞	0	0	9.37
Mitsubishi 7⅛ 84 KD	10	†92⅛	93	+1	+1	9.72
Norges Kom. 7⅛ 89 KD	12	†93⅛	93⅞	0	0	8.65
Occidental 8⅞ 91 KD	7	†90⅛	90⅞	0	0	9.89
Akzo 9⅞ 87 LuxFr	500	93⅞	94⅛	+1	+1⅛	10.43
Euratom 8 87 LuxFr	500	86	87	−1	−1⅛	10.50
Euratom 9⅞ 89 LuxFr	500	96⅞	97⅛	−0⅛	−0⅛	10.29
EIB 9⅞ 89 LuxFr	600	96⅞	97⅛	−0⅛	−1	10.27
Volvo 9⅞ 87 LuxFr	500	96⅛	97⅛	−0⅛	−1	10.30

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5⅞ 87	0⅛	97⅞	98⅛	2/7	15⅛	15.43
Banco di Roma Int. 6 87	0⅛	99⅞	100⅛	26/10	15.31	15.31
Bank of Ireland 5⅞ 89	‡0⅛	97⅞	98⅛	21/8	11.61	12.04
Bank of Tokyo 5⅞ 89	‡0⅛	97⅞	98⅞	25/10	16.56	16.90
Barclays O/S Inv. 5 90	0⅛	97⅛	98⅛	13/8	14⅛	14.54
Bergen Bk. A/S 6 89	‡0⅛	96⅞	97	29/8	10	10.34
Bqus. Indo Suez 5⅞ 89	0⅛	98⅞	99⅛	11/7	14.69	14.86
Citicorp O/S F. 8 94	‡0⅛	98⅛	98⅛	8/8	18.81	19.07
Citicorp II/S F. 83	‡0	98⅛	99⅛	23/8	10.19	10.29
Citicorp O/S F. 84	‡0	98⅛	99	30/8	9.81	9.94
C. Itoh 5⅞ 87	0⅛	100⅞	101⅛	18/8	19.44	19.22
Co-operative Bk. 6 86	0⅛	97⅞	97⅞	15/11	11.44	11.72
Creditanstalt 5⅞ 91	‡0⅛	97⅛	98⅛	14/6	18.44	18.81
CNT 5⅞ 88	0⅛	101⅛	101⅛	16/10	18⅛	17.98
GZB 5⅞ 89	0⅛	98⅛	99⅛	1/8	15⅛	15.42
Jugobanka 8 89	0⅞	90	92	23/11	11⅛	12.77
Ind. Bank Japan 5⅞ 87	0⅛	101⅛	101⅞	15/10	18⅛	18.50
LTCB Japan 5⅞ 86	0⅛	97⅞	98⅛	13/8	14⅛	14.44
LTCB Japan 5⅞ 89	0⅛	97⅛	97⅞	7/8	14.19	14.53
Mfrs. Han. O/B 5⅞ 94	‡0⅛	97⅛	98⅛	31/8	9⅞	10.09
Midland Intl. Fin. 6 89	0⅛	99⅞	100⅛	20/8	15	15.02
Midland Intl. Fin. 5⅞ 92	0⅛	98	98⅛	5/6	5⅛	5.34
Nacional Fin. 6⅞ 86	0⅛	98⅛	99	25/7	14.69	14.87
Nat. West. 5⅞ 94	‡0⅛	101⅛	102⅛	11/10	18⅛	18.26
Nippon Credit 6⅛ 86	0⅛	97⅞	98⅛	12/7	14.44	14.75
Nippon Credit 5⅞ 87	‡0⅛	97⅛	97⅞	6/8	14⅛	14.72
Royal Bk. Scot. 5⅞ 94	‡0⅛	99⅛	99⅛	11/7	19⅛	19.80
Soc. C. de Bqus. 6⅛ 87	0⅛	101⅛	102⅛	3/10	20.06	19.69
Sogenal 5⅞ 89	0⅛	98⅛	98⅛	13/7	14.44	14.68
Standard Chart. 5⅞ 90	0⅛	100⅞	101⅛	6/9	17⅛	[illegible]
Sweden 8⅛ 91	‡0⅛	†97⅞	98⅛	18/10	17⅛	18.43
Williams & Glyn 5⅞ 91	0⅛	100⅞	101⅛	14/8	18⅛	18.29
Bq. E. d'Alg. 4⅞ 89 SF	0⅛	†85	86	18/8	6.88	7.32

Average price changes... on day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Aktiebolag 7⅜ 89	10/79	145	†113	114	−1⅛	−3.37
Ajinomoto 7⅜ 95	2/80	818	102⅞	103⅛	0	0.54
Alco Int. Fin. 9½ 94	1/80	40	†90	91	−0⅛	36.59
Apache I. Fin. 8⅞ 95	12/80	31.68	102	103	—	54.67
Asahi Optical 7 94	11/79	605	97⅜	98⅛	+0⅛	16.71
Canon 6⅞ 94	8/79	570	109⅛	110⅛	+0⅛	−2.75
Credit Suisse 4⅞ 93	10/79	1325	102⅛	103⅛	−0⅛	8.38
Daiei Inc. 6½ 94	11/79	1020	95⅛	96⅛	−0⅛	31.85
DDKK 11 90	4/80	324	114⅛	115⅛	+0⅛	10.24
Dynalectron 9½ 95	8/80	12.22	103⅛	104⅛	−0⅛	8.87
Enserch Fin. 9½ 94	7/80	30.25	104⅛	106	+0⅛	3.90
LPC Internatnl. 8 89	8/79	23.33	†95	96⅛	−1	36.38
Meidensha Elec. 7 94	12/79	210	96⅛	97⅛	−0⅛	−7.61
Mitsubishi Cp. 6½ 94	10/79	604	†125	126⅛	+2	12.51
Nippon Seiko 7⅝ 94	12/79	339	†111	112	+1⅛	[illegible]
Nitto Elec. Ind. 6 94	7/79	736	78⅛	79⅛	0	[illegible]
Toshiba Cpn. 7⅞ 94	10/79	198	98	99⅛	+0⅛	3.98
Union Bk. Switz. 5 89	2/80	125	98	100	+0⅛	5.77
Fujitsu 5 84 DM	7/79	475	100⅛	101	−0⅛	[illegible]
Kansai Elec. 4 84 DM	4/79	1234	86⅞	87⅛	−0⅛	[illegible]
Sony Co. 6½ 85 DM	11/79	1071	93⅛	94⅛	0	[illegible]

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

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Companies and Markets INTL. COMPANIES & FINANCE

Lower first quarter for Volkswagen

BY KEVIN DONE IN FRANKFURT

VOLKSWAGEN'S first quarter profits have been hit by industrial disputes at major foreign subsidiaries, the mounting costs of the group's investment programme and losses at the newly consolidated subsidiary, Chrysler Motors do Brazil.

After-tax profits fell by 26.9 per cent to DM 128m, compared with DM 175m in the first three months of 1979. Group sales were up by 14.6 per cent to DM 8.5bn, but this figure includes for the first time the consolidation of the Triumph-Adler group as well as Chrysler Brazil.

The downturn clearly reflects the impact of substantially higher depreciation at Volkswagen, which is West Germany's biggest motor group. The company's investment programme is ambitious and likely to total about DM 10bn over the next three years in West Germany alone.

According to figures released by Volkswagen yesterday, group investment jumped to DM 915m in the first quarter, an increase of 78.8 per cent compared with the same period of 1979. Depreciation charges of DM 495m in the three months were 24.3 per cent higher.

Profits before tax in the first quarter were down by 19.6 per cent to DM 490m, while before depreciation profits were only 2.3 per cent behind.

Volkswagen said yesterday that it had suffered losses from Chrysler Brazil, in which it holds 66.7 per cent, and the profitability of its other major overseas subsidiaries in Brazil, the U.S. and Mexico had all declined.

The group's operations in the U.S. and Brazil were both hit by industrial action — car assembly in the U.S. was stopped for two weeks in January and Volkswagen's activities in Brazil were stopped for 41 days by a strike of metal workers.

Returns in Brazil were also depressed by the authorities' delay in granting price increases. VW also increased the prices of its cars in the West German market by an average of 4.6 per cent in March, and this rise too is still to show through in group profits.

Although the strike in Brazil has ended, the conflict over wage increases is still to be resolved. This together with general political ucerainty in major markets meant it was impossible to give a profit forecast for the current 12 months, said VW.

VW also announced yesterday that it had signed a final contract with the U.S. army and the state of Michigan for the purchase of a site at Sterling Heights, Detroit, which is to be the location for its second U.S. car assembly plant. The site is costing VW some $25m.

Volkswagen delivered some 685,000 cars in the first three months of 1980, a rise of 5.1 per cent, while production rose by 7 per cent to 707,000. Sales in the domestic market fell by 8 per cent, but this decline was compensated for by an increase of 13.8 per cent rise in foreign sales.

Compensation for Spanish banks

BY ROBERT GRAHAM IN MADRID AND JIMMY BURNS IN LISBON

THE PORTUGUESE Government has reached agreement on paying $8m in compensation to two Spanish banks for property nationalised during the 1974 revolution.

This is the first major compensation settlement by the Portuguese Government. The two Spanish banks involved are Banco Urquijo and Banco Popular.

Although both are private banks and their representatives have been involved in sporadic negotiations for almost five years, the settlement has also been negotiated on a government-to-government level. The Portuguese Government is clearly anxious to bring foreign investment back to Portugal.

The largest compensation involved Banco Popular for its stake in the Portuguese Banco da Agricultura and the Companhia de Seguros A Patria. The bank will receive the equivalent of $2.2m. Meanwhile, Banco Urquijo will receive the equivalent of $950,000 for its shares nationalised in the Banco Tota e Azores.

The compensation has been paid on the basis of criteria worked out in 1977 when the principle of compensation was first conceded. The two Spanish banks are being given Portuguese public debt bonds, class A, bearing the highest rate of interest (13 per cent). The title of these bonds is then ceded to the Portuguese banks which have nationalised the Spanish stakes and the Portuguese pay the Spanish banks in dollars for their escudo equivalent of the bonds' value.

Popular said yesterday in Madrid that this operation more or less balanced its books.

● Alcan, the Canadian aluminium group, is to raise its stake in the Spanish national aluminium company, Endasa, from 26 per cent to 42 per cent. It is expected to pay about $10m for the increased holding. Endasa has five plants in Spain with a 150,000-ton capacity that accounts for almost 60 per cent of the country's total aluminium production. Alcan will be buying up shares held by a number of small shareholders and banks, including Banco de Bilbao. The operation will leave Endasa controlled by the state holding company, INI, and Alcan 58/42.

BSN reports sharp profits recovery

By David White in Paris

BSN-GERVAIS DANONE, the French food and glass group, made a consolidated net profit of FFr 247m ($59m) last year, more than five times its 1978 result of FFr 45m.

The improvement had been expected after signs of sharp recovery in the group's long-troubled flat glass interests. Earlier this year, BSN completed the sale of its West German flat glass holdings to Pilkington Brothers of the UK.

Group sales last year rose by 14 per cent to FFr 16.3bn, of which food accounted for FFr 9.2bn.

The growth rate accelerated in the first quarter of this year, when turnover was more than 22 per cent up on the same 1978 period at FFr 4.66bn.

The group has estimated that the recent purchase of French food-making companies from Sir James Goldsmith's Generale Occidentale group will bring its food sales up to around FFr 11bn this year.

PLM improves sales and income

BY VICTOR KAYFETZ IN STOCKHOLM

IMPROVED TRADING in consumer packaging and a move out of the red in glassmaking have led to a sharp recovery at PLM during the first four months of 1980.

Sales during the period rose by 16 per cent to SKr 737m and profits before tax rose to SKr 16.5m ($4m) from SKr 1.4m.

Despite substantial costs attributable to last month's labour disputes in Sweden, which affected the packaging and paper divisions in particular, Mr. Ulf Laurin, managing director, is sticking to his earlier forecast of 1980 earnings "considerably higher" than last year's pre-tax figure of SKr 51m ($12m) on turnover of SKr 2.1bn.

PLM's new factory in Malmo will begin production late in 1980. The factory recently received an official go-ahead despite protests by environmentalists.

Strongpac, a 50-50 partnership with Holland's Akzo group to develop and make polyester plastic bottles for carbonated beverages, will continue to lose money in 1980 but will show profits next year after completion of a new factory at Corby in the UK.

● Swedish pharmaceuticals group, Astra, reports turnover of SKr 644m for the first four months of 1980, an increase of 19 per cent. About 80 per cent of sales growth was in markets outside Sweden, with Britain and West Germany showing the strongest increase.

The interim report provides no earnings figures but confirms earlier forecasts that 1980 pre-tax earnings will be SKr 165-175m ($40-42m) on sales around SKr 2bn—a rise of 16 per cent for both

Setback for Schindler

By John Wicks in Zurich

GROUP PROFITS of the Swiss Schindler company, one of the world's major lift manufacturers, fell from SwFr 31.3m to SwFr 14.6m ($8.74m) last year. Depreciation rose from SwFr 29.4m to SwFr 38.4m, partly as a result of adjustments following the acquisition last year of the U.S. company, Schindler Haughton Elevator Corporation.

The takeover contributed to 13.5 per cent rise in group turnover, to SwFr 1.26bn ($754.5m). Excluding Haughton sales during the last eight months of the year, sales growth would have been about 6 per cent.

The parent company, which recommends distribution for 1979 of unchanged dividends of SwFr 60 per bearer share and SwFr 12 per registered share and participation certificate, expects a rise of nearly 5 per cent in group turnover this year. In the first quarter, sales were above this target.

SOBI ordered to cover Pakhoed legal costs

BY CHARLES BATCHELOR IN AMSTERDAM

SOBI, THE Dutch business pressure group, has been ordered to pay most of the legal costs incurred by Pakhoed, the storage, transport, and property company, in defending its accounting methods.

The Amsterdam business court has ordered SOBI to pay threequarters of Pakhoed's costs in defending its 1978 accounts and three-fifths of the costs for the 1977 accounts. The court ruled that SOBI was correct in only part of one of the points it had raised.

All major points of substance raised by SOBI were dismissed by the court, though Pakhoed has been ordered to improve the amount of information it provides about its valuation principles, a Pakhoed official said. These improvements have already been implemented in the 1979 accounts.

Mr. Pieter Lakeman, chairman of SOBI, said, however, that four of its five challenges to the 1977 accounts had been upheld by the business court with only its challenge to Pakhoed's drawing on tax reserves rejected. All points of substance in the 1978 accounts had been decided in Pakhoed's favour but the company had been ordered to provide more information.

SOBI, which aims to force companies to provide more accurate information in their accounts, has upset the Dutch accounting world with its challenges to established practice. It has had less success recently, however, and was ordered by the business court in December to retract criticisms of a Japanese-owned prefabricated homes company.

SOBI estimated that it would have to pay Fl 5,000 ($2,500) of Pakhoed's legal costs.

RENAULT

Closing the earnings gap

BY TERRY DODSWORTH IN PARIS

"RENAULT SHOWS that it also knows how to make profits," ran a headline last week in one French newspaper, putting its finger on the most newsworthy single figure in the nationalised motor company's 1979 accounts.

The point being made was not simply that Renault had finally returned to a respectable profit —FFr 1bn ($238m) on a turnover of FFr 68.5bn—but that its results were almost as good as Peugeot's, its private sector rival.

For as long as anyone can remember, the two companies have been at loggerheads, with Peugeot scoring hands down in the numbers game. Peugeot has consistently earned better profits, paid, it claims, bigger taxes and certainly remunerated its shareholders more adequately than Renault.

In return, Renault has only been able to boast about its size. Throughout the 1960s and 1970s it has based its reputation—and its occasionally parliamentary credit—on rapid expansion, its enormously powerful influence as a buyer of French industry's products and its leadership in the export [illegible].

But this advantage disappeared overnight when Peugeot, taking over Citroen and Chrysler Europe in rapid succession, suddenly surged ahead of Renault to become the world's third largest motor group. In 1978, the private company took all the laurels, outpointing Renault in the home market, taking over as leading French vehicle exporter, and showing a clear lead over the nationalised group in terms of financial returns.

However, last year saw a number of changes. Renault is now not so far behind Peugeot in financial performance, argues M. Pierre Souliel, financial director. Against Renault's FFr 1bn profit and FFr 68.5bn turnover, PSA Peugeot-Citroen made FFr 1.1bn and achieved sales of FFr 73bn.

> Sales at Renault during the first few months of this year have shown signs of rapidly overhauling those of its main domestic rival, Peugeot.

On the vehicle production and sales score, Renault was still lagging well behind Peugeot, making 1.9m vehicles in 1979 against the private group's 2.3m and selling some 891,000 in France against Peugeot's 848,000. But this year there has been an extraordinary turnround.

Over the opening months of 1980 Renault has shown signs of rapidly overhauling its private sector rival. Sales at home have been buoyant and Renault now claims to be the leader of the domestic car market with a share of around 42 per cent.

This trend is still continuing, with Peugeot shutting factories selectively to run down stocks, while Renault is keeping up record production levels. How long it will last is anyone's guess, but Renault is at least confident that it can ride out the coming storm in the world motor industry.

First, the company says, it has a broader product range than any of its competitors. Second, it has a more widely based distribution network both at home and abroad. Essentially, the company argues, these two advantages have been achieved at the expense of higher profits in earlier years: it has been investing, and taking risks, it claims waspishly, when others have been paying dividends.

To run an investment programme of this kind, of course, has required an understanding shareholder — the state. But there is no doubt that the co-operation between the group and the French Government since the last war have finally placed Renault in a leading position in Europe today, without the anxieties which Peugeot currently has in turning round the interests it acquired from Chrysler.

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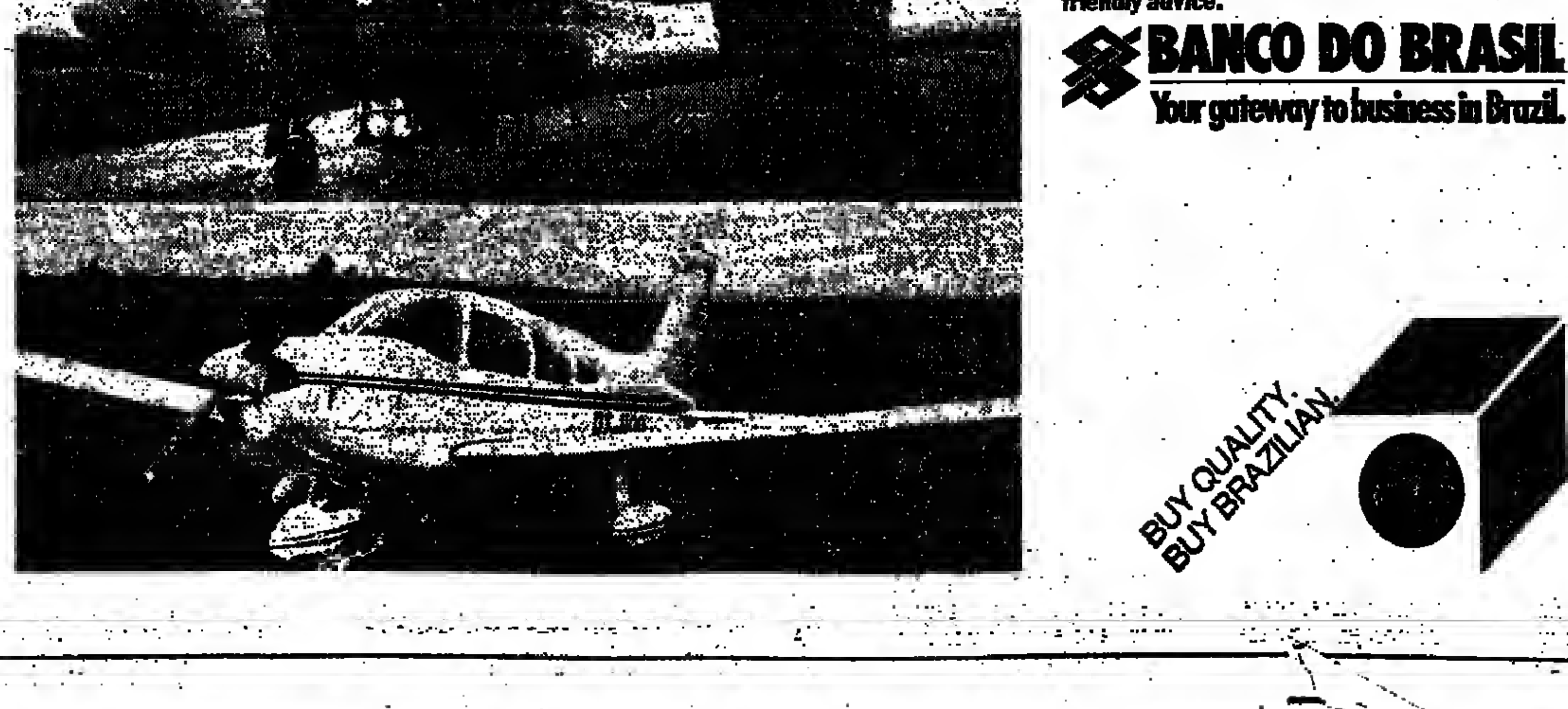

Fuji Photo Film sees second half recovery

BY YOKO SHIBATA IN TOKYO

FUJI PHOTO FILM, Japan's largest film maker, expects to achieve a 23 per cent gain in operating profits and a 9 per cent increase in net profits for the current fiscal year, ending October.

Fuji Photo Film's interim operating profits covering the six months to April 30, slipped back by 10.7 per cent from the level in the same period the previous year to Y10.79bn ($48.4m). Interim net profits fell by 14.8 per cent to Y5.59bn, on sales of Y196.46bn ($881m), up 35.3 per cent. Profits per share were Y18.52, against Y21.73.

A considerable gain in sales revenue came from the raising of selling prices of film products so as to cover the dramatic climb in the price of silver, which hit a peak at the beginning of this year.

A break-down of turnover by products shows amateur photographic materials accounting for 20.5 per cent of turnover (on their rise of 22.4 per cent), printing papers accounting for 17.6 per cent (on a 30.6 per cent gain), cameras for 8.8 per cent (on 7.3 per cent); magnetic tapes for 6.9 per cent (63.5 per cent), film products for medical use for 13.3 per cent (69.3 per cent), and products for graphic arts for 18.7 per cent (43.8 per cent).

The earnings reduction was blamed on the delay in passing higher silver costs on to selling prices. Cost increases were partly covered by sales expansion on non-film products such as magnetic tapes and printing paper for graphic arts.

For the full fiscal year, the company expects its sales to reach Y400bn, up 28 per cent, operating profits of Y30bn up 23 per cent, and net profits of Y14bn, up 9 per cent.

The company has recently marked down prices of film products following the sharp fall in silver costs. Negative factors such as the yen's appreciation are planned to be covered by the expansion of sales of non-film products and by an increase in exports.

* * *

TWO MAJOR Japanese metal smelters have reported that parent company net profits jumped singificantly in the year to March, reflecting a sharp increase in prices of their main products such as copper, zinc and gold, AP-DJ reports from Tokyo.

The companies have increased retail prices in parallel with the steep rise of gold and other non-ferrous metal prices on overseas commodity markets in the year.

Mitsubishi Metal Corporation said its net profit reached Y2.05bn ($9.2m) compared with a Y1.09bn net loss in the previous year. Sales hit an all-time high of Y335.11bn ($1.5bn) up 65.2 per cent from the Y202.88bn of 1978-79. Among major products, sales of copper totalled Y148.43bn, up from Y88.7bn. Zinc sales were Y23.29bn, up from Y18.44bn and gold totalled Y27.99bn, up from Y13.5bn. Profit per-share was Y4.31, compared with a loss of Y2.40 in the previous year, but there is no year-end dividend.

Sumitomo Metal Mining Company said its net profit rose sharply to Y3.55bn ($15.9m) from only Y260m in the previous year. Sales gained 65.8 per cent to Y284.98bn ($1.28bn) from Y171.93bn. Sales of copper totalled Y77.5bn, up from Y48.29bn in the previous year; sales of gold were Y46.23bn, up from Y26.66bn; and nickel sales were Y51.36bn, up from Y27.14bn. Profit per-share was Y12.38, up sharply from Y0.93 and the year-end dividend is Y5. There was no divdend last year.

* * *

NIPPON MINING Company, the petroleum and non-ferrous metals concern raised its after-tax profit some 554 per cent in the year to March 31, to Y5.99bn ($26.9m), from Y916m the previous year, reports Reuter from Tokyo.

Sales increased by 74.8 per cent to Y858.4bn ($3.8bn), from Y491.2bn.

The dividend is raised to Y5, from Y4.

BEARINGS MAKERS

A boom in Japan

BY RICHARD C. HANSON IN TOKYO

"WE ENJOYED the skateboard boom, too," jokes an official at Japan's largest bearings maker. But today the cheerfulness at Nippon Seiko KK (NSK) reflects much more than just the transient demand for wheel bearings on skateboards. Business in this highly recession-sensitive industry could now hardly be better, with profits for most of the Japanese manufacturers at record levels.

This time, demand has come solidly from the biggest users of bearings — the motor, machine tool and electronic equipment industries, where signs of an economic slowdown have yet to appear in Japan. Overseas sales, which have been strong, could be tapering off in the U.S. But with order backlogs up sharply (in many cases a half year is required for production to catch up with orders), the big producers are clearly enjoying their prosperity while it lasts.

The bearings industry in Japan was largely shut down by the occupation authorities following World War II as a "strategic" producer for the war effort. Unlike other such "war" industries, most notably the aircraft industry, which is only just beginning to come into its own again, bearings were revived during the Korean war—which proved to be the major post-war boost for the economy as a whole. The four companies which now command 80 per cent of the Japanese market all date from before the war. In fact, the only prominent newcomer is Nippon Miniature Bearing, which was founded in 1951 and concentrates mostly on specialised micro-bearings, and produces nearly all of them outside Japan.

NSK, with 30 per cent of Japan's production, estimates that its sales for the year ended April were up 10 per cent to Y167.5bn ($751m), with net profit soaring 124 per cent to a record Y6.5bn ($29.1m). Domestic sales were up 15 per cent while exports (about 12 per cent of sales) jumped 50 per cent, partly because of the yen's depreciation on the foreign exchanges. NTN Toyo Bearing, the second-ranked producer (with a 28 per cent share) reported a 292.4 per cent rise in net profit to Y3.35bn, while sales in its March 31 year rose 26 per cent to Y149.1bn. NTN, where exports count for about one-fourth of sales, was particularly helped by a surge in car industry demand for "constant velocity" ball joints used in increasingly popular front-wheel drive cars. It holds the rights to the Japanese market on a GKN patent for the joints.

Likewise, Nippon Miniature Bearing, the largest producer

This time demand has come solidly from the biggest users of bearings, the motor, machine tools and electronic equipment industries

of micro precision bearings in the world, had a 48.2 per cent rise in operating profits in the half-year to March 31, to Y1.18bn, while sales rose 113 per cent to Y21bn, NMB, which produces most of its precision bearings in a large Singapore plant, has benefited directly from the worldwide boom in video tape recorders. With a 60 per cent share of the sophisicated bearings used in such machines, the VTR industry almost overnight has come to account for 20 per cent of all its sales.

Nachi Fujikoshi, which, with a strong tool division, is less dependent on bearings than the other companies, had a 13 per cent sales increase in the year ended November 1979 to Y71.7bn, while net profit more than doubled to Y1.3bn.

The exception to the current strong recovery is Koyo Seiko, which ranks third in bearings production among the top five companies, just ahead of Fujikoshi. Koyo Seiko is under financial rehabilitation, with strong support from the Toyota Motor group. Koyo recently announced a 75 per cent cut in its capital to help reduce its accumulated debts of Y45bn ($200m).

Koyo was the one bearings company which found itself unable to cope with the sudden changes brought on by the 1973 oil crisis. Its present troubles stem from an over-ambitious plant investment programme just before the recession and a particularly high export ratio. Overseas, Koyo was left with large stocks of bearings at a time when, for example, the European Community was launching an investigation of alleged "dumping" in the European market by the Japanese five years ago.

The EEC is now conducting a second "dumping" investigation, the results of which may be known later this summer. The Japanese are fairly confident that the allegations will be dismissed this time, particularly considering that they had raised their prices by about 20 per cent after the first investigation and are raising prices further this year as costs rise.

Despite the fuss made in Europe over Japanese bearing sales, the Japanese share is still rather small (perhaps less than 5 per cent). Furthermore, the strategy most of the Japanese companies are adopting is to expand production overseas for the strong local markets. NSK already produces about 20 per cent of its sales for Europe in the UK at a plant started up four years ago, and has six U.S. plants, and one in Brazil.

The Japanese claim to be among the most efficient producers of bearings, mostly as a result of heavy investment in modern (and large-scale) plant over the past 20 years.

Despite the currently satisfying level of demand, the past few years have left some fairly harsh memories for all the companies. Although the financial troubles of Koyo Seiko did not spread to the others, the industry generally has had to become leaner (NSK has reduced, through attrition, about 20 per cent of its blue-collar workforce since the first oil crisis).

The chances are, however, that the Japanese bearings industry will continue to roll along prosperously, as long as Japanese industry continues to bring out successful products which need large quantities of bearings.

Sharp rise at Daewoo Industrial

By Ron Richardson in Seoul

CONSOLIDATED NET profits of Daewoo Industrial Company, the largest of South Korea's general trading companies, rose 52 per cent to U.S.$27.3m in the year to December 31. Sales were up 57.5 per cent to $1.87bn.

Accounts, prepared in accordance with U.S. accounting principles, show that almost half the sales were derived from general trading activities. Another 19.5 per cent of turnover came from textile and electronics manufacturing, while a little less came from heavy industrial activities.

However, almost 47 per cent of income was generated by the heavy industrial operations, while trading contributed 27.5 per cent, and textiles and electronics 11 per cent.

This reflected a 26 per cent fall in textile and electronics income from sales which remained almost static over the year. The income contribution from heavy industry jumped 55 per cent, on a slightly smaller sales rise.

Overall, after-tax earnings before allowing for minority interests were up $14m to $43.5m.

Daewoo is the only South Korean company to prepare accounts in line with practices followed in the U.S. or Europe. Normally, South Korean companies do not consolidate their figures, or attempt to eliminate inter-group transactions.

The balance sheet shows a sharp build-up in the company's borrowings during the year, despite the rapid growth in sales and profit. Total long and short-term debt swelled from $697m to $1bn. The largest rise in debt came from long-term borrowings which increased by $180m.

About $111m of borrowings came from foreign currency loans to the company by South Korean Government-owned banks, while another $37m came from foreign banks, taking total foreign indebtedness to $161m.

The accounts suggest that lenders to the company showed greater caution, as $456m out of $544m of long-term loans is secured, compared with only $212m out of $344m a year earlier.

Interest charges absorbed $120m in the latest period, up from $66m in 1978.

Total assets of the Daewoo group at the end of 1979 were $1.87bn, concentrated in the general trading and heavy industrial operations. A total investment of $254m had been made in the group's shipbuilding activities, concentrated in the Uge Okpo shipyard, which is still under construction and which absorbed the major portion of the increase in long-term borrowing.

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June 3, 1980

By: Citibank, N.A., London, Reference Agent CITIBANK

Dollar improves, sterling weaker

The dollar improved in currency markets yesterday in fairly featureless trading. The U.S. unit was helped by a *firmer* trend in Euro-dollar rates, which were mostly ⅛ to ½ per cent higher. Against the D-mark it finished at DM 1.7815 compared with DM 1.7750 on Friday, and was close to its best level against the Swiss franc at SwFr 1.6580 compared with SwFr 1.6560 previously. It was also firmer against the Japanese yen at Y223¼ from Y222.90. On Bank of England figures, its trade weighted index rose from 84.0 to 84.2.

Sterling was slightly weaker overall, opening at $2.3575 against the *dollar and touching* a best level of $2.36, before coming back to $2.3525 in early morning trading. It lost ground against the dollar towards noon as demand for the latter increased, but was firmer overall, with its trade weighted index at 74.5 at noon and in the morning. During the afternoon however, the dollar continued to improve and sterling began to lose ground against European currencies as well. Against the dollar it fell to $2.3350 at one point and closed at $2.3370-2.3380, a fall of 75 points from Friday's close. Its trade weighted index finished at

D-MARK — Showing renewed strength against the dollar and steady within the European Monetary System, following *firmer rates* in Frankfurt and lower U.S. interest rates—There appeared to be no intervention by the Bundesbank at yesterday's fixing in Frankfurt when the dollar was fixed lower at DM 1.7743 compared with DM 1.7860 on Friday. Trading was rather thin with little movement recorded in most major currencies. Sterling was firmer at DM 4.1730 against DM 4.1610 while the Swiss franc eased *slightly* to *DM* 1.0736¼ from DM 1.0737.

FRENCH FRANC — Strongest member of the EMS, assisted by strict monetary policy — The French franc *improved slightly* against its EMS partners yesterday, with the D-mark easing at the fixing to FFr 2.3256 from FFr 2.3285 and the Dutch guilder lower at FFr 2.1176 compared with FFr 2.1185. Outside the EMS the dollar slipped to FFr 4.1245 from FFr 4.16, but sterling improved to FFr 9.7055 from FFr 9.6945.

ITALIAN LIRA — Weakest member of EMS, having risen briefly to the top of the system in February—The Belgian franc was generally weaker at yesterday's fixing in Brussels, with sterling rising to L1,960.5 from L1,959.9 and the French franc firmer at L202 against L201.86. The Belgian franc was quoted higher at L29.354 against L29.30 and the Dutch guilder rose to L427.77 from L427.58. On the other hand the dollar slipped to L833.05 from L839.05 and the D-mark was weaker at L469.70 against L469.98.

JAPANESE YEN—Energy and balance of payments problems reflected in sharp decline last year. More recently, lower U.S. interest rates have helped the yen recover—The dollar eased against the Japanese yen in Tokyo yesterday, closing at Y222.50 compared with Y224.35 on Friday. The dollar may have been affected by rumours that the U.S. hostages in Iran had been killed, but was showing an easier tendency in earlier trading.

THE POUND SPOT AND FORWARD

June 2	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.3350-2.3600	2.3370-2.3380	1.57-1.47c pm	7.80	3.77-3.67 pm	6.37
Canada	2.7050-2.7325	2.7070-2.7080	1.40-1.30c pm	5.98	3.65-3.55 pm	5.32
Nethlnd.	4.56-4.60	4.57-4.58	2¾-1¾c pm	5.23	6¼-5¼ pm	5.03
Belgium	66.50-67.00	66.60-66.70	18-8c pm	2.34	28-18 pm	1.38
Denmark	12.93-13.01	12.94-12.95	par-1⅛ore dis	-0.70	5-8⅛ dis	-2.28
Ireland	1.1125-1.1265	1.1230-1.1240	0.04p pm-par	0.21	0.25-0.20 pm	0.80
W. Ger.	4.15½-4.18½	4.16¼-4.17¼	3¼-2⅛pf pm	8.27	7¾-6¾pf pm	6.55
Portugal	114.00-116.00	114.25-114.55	10c pm-30c dis	-1.05	5pm-116dis	-2.27
Spain	162.80-165.30	162.85-162.95	20c pm-par	0.74	60pm-15 dis	0.55
Italy	1952-1966	1953-1954	par-3lire dis	-7.61	7½-9½ dis	-1.79
Norway	11.34-11.45	11.34½-11.35½	5½-4ore pm	5.09	14½-12½ pm	4.80
France	9.67½-9.73½	9.67½-9.68½	4¼-3¼c pm	4.86	10-9 pm	3.93
Sweden	9.75-9.85	9.76-9.77	3½-2½ore pm	4.07	5¼-5 pm	2.20
Japan	520-528	522-523	2-1½y pm	3.73	5¼-4¾ pm	4.02
Austria	29.62-29.90	29.65-29.70	20-10gro pm	7.89	51-46 pm	6.54
Switz.	3.86¾-3.90¾	3.87¼-3.88¼	4-3c pm	10.83	11¼-10¼ pm	10.96

Belgian rate is for convertible francs. Financial franc 67.45-67.55.
Six-month forward dollar 5.85-5.45c pm. 12-month 9.57-9.47c pm.

THE DOLLAR SPOT AND FORWARD

June 2	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.3350-2.3600	2.3370-2.3380	1.57-1.47c pm	7.80	3.77-3.67 pm	6.36
Ireland†	2.0890-2.1000	2.0890-2.0910	1.25-1.25c pm	7.46	4.10-3.90 pm	7.65
Canada	1.1576-1.1585	1.1580-1.1585	0.13-0.15c dis	-1.76	0.33-0.38dis	-1.24
Nethlnd.	1.9470-1.9590	1.9535-1.9550	0.14-0.24c dis	-1.17	0.23-0.43dis	-1.27
Belgium	28.37-28.55	28.50-28.52	12-14c dis	-5.47	33-36 dis	-4.84
Denmark	5.5075-5.5310	5.5290-5.5305	2.80-4.30ore dis	-2.79	11-11.50 dis	-8.14
W. Ger.	1.7690-1.7830	1.7810-1.7820	0.10pf pm-par	0.34	0.35-0.25 pm	0.67
Portugal	48.80-49.10	48.95-49.05	30-45c dis	-9.18	75-125 dis	-8.15
Spain	69.55-69.95	69.85-69.90	22-42c dis	-5.49	78-98 dis	-5.04
Italy	833.00-834.00	833.50-833.90	3.50-6.50lire dis	-8.64	16.50-18 dis	-8.28
Norway	4.8525-4.8610	4.8585-4.8605	0.70-1.20ore dis	-2.35	1.25-1.75dis	-1.23
France	4.1220-4.1435	4.1405-4.1425	0.83-0.93c dis	-2.55	2.47-2.67dis	-2.48
Sweden	4.1730-4.1840	4.1810-4.1830	1.30-1.50ore dis	-4.01	3.85-4.05dis	-3.78
Japan	222.00-223.80	223.45-223.55	0.75-0.80y dis	-4.43	1.30-1.45dis	-2.46
Austria	12.64-12.70	12.69-12.70	0.50gro pm-0.10dis	0.19	1.5pm-0.2dis	0.25
Switz.	1.6470-1.6600	1.6576-1.6585	0.72-0.62c pm	4.85	2.00-1.90 pm	4.70

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY RATES

May 30	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	17	0.562811	0.609201
U.S. $	13	1.31155	1.40963
Canadian $	11.83	1.51978	1.63802
Austria Sch	5¾	16.7092	17.9958
Belgian F	14	37.8306	40.3296
Danish K	13	7.29111	7.83404
D mark	7½	2.34837	2.51761
Guilder	10	2.57392	2.76626
French Fr	9½	5.45822	5.86198
Lira	15	1100.22	1182.58
Yen	9¼	294.196	316.328
Norwgn Kr	9	6.40594	6.88254
Spanish Pta	8	92.0122	98.9774
Swedish Kr	10	5.50508	5.91469
Swiss Fr	3	2.18809	2.34591

CURRENCY MOVEMENTS

June 2	Bank of England Index	Morgan Guaranty Changes %
Sterling	74.2	-31.7
U.S. dollar	84.2	-9.3
Canadian dollar	91.3	-16.9
Austrian schilling	153.0	+24.9
Belgian franc	113.7	+13.9
Danish kroner	106.9	-4.0
Deutsche mark	154.7	+44.1
Swiss franc	186.8	+77.6
Guilder	125.1	+18.4
French franc	101.1	-5.9
Lira	56.9	-50.6
Yen	127.1	+35.9

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England index=100).

OTHER CURRENCIES

June 2	£	$		£ Note Rates
Argentina Peso	4242-4262	1815-1817	Austria	29.55-29.85
Australia Dollar	2.0415-2.0456	0.8731-0.8735	Belgium	67.25-67.85
Brazil Cruzeiro	115.5-116.9	50.61-50.91	Denmark	12.86-12.97
Finland Markka	8.67-8.68	3.6450-3.650	France	9.64-9.76
Greek Drachma	100.89-101.24	43.60-43.50	Germany	4.15-4.1890
Hong Kong Dollar	11.46-11.48	4.9015-4.9035	Italy	1922-1979
Iran Rial	n/a	n/a	Japan	521-529
Kuwait Dinar(KD)	0.626-0.636	0.2685-0.2690	Netherlands	4.56-4.59½
Luxembourg Frc	66.60-66.70	28.50-28.52	Norway	11.26-11.44
Malaysia Dollar	5.04-5.05	2.1540-2.1560	Portugal	111-114.50
New Zealand Dlr	2.3705-2.3785	1.0197-1.0147	Spain	160.75-167.75
Saudi Arab. Riyal	7.75-7.85	3.3290-3.3310	Sweden	9.79-9.86
Singapore Dollar	4.99-5.00	2.1330-2.1350	Switzerland	3.87½-3.90½
Sth. African Rand	1.8185-1.8340	0.7780-0.7800	United States	2.3485-2.3675
U.A.E. Dirham	8.66-8.76	3.7015-3.7030	Yugoslavia	48.50-52.00

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU June 2	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.3537	+1.42	+0.48	±1.53
Danish Krone	7.72336	7.83194	+1.41	+0.47	±1.64
German D-Mark	2.48208	2.52015	+1.53	+0.59	±1.125
French Franc	5.84700	5.85976	+0.22	-0.72	±1.352
Dutch Guilder	2.74362	2.76719	+0.86	-0.08	±1.512
Irish Punt	0.668201	0.678185	+1.49	+0.55	±1.668
Italian Lira	1157.79	1183.82	+2.25	+1.32	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

FT LONDON INTERBANK FIXING (11.00 a.m. JUNE 2)

3 month U.S. dollars		6 month U.S. dollars	
bid 10⅛	offer 10⅜	bid 10⅛	offer 10⅜

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris, and Morgan Guaranty Trust.

EXCHANGE CROSS RATES

June 2	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.338	4.168	522.5	9.685	3.878	4.575	1954.	2.706	66.25
U.S. Dollar	0.428	1.	1.783	223.5	4.149	1.659	1.957	836.7	1.158	28.51
Deutschemark	0.240	0.561	1.	125.4	2.323	0.930	1.098	468.7	0.650	15.99
Japanese Yen 1,000	1.914	4.474	7.976	1000.	18.53	7.421	8.758	3739.	5.182	127.6
French Franc 10	1.033	2.414	4.304	539.8	10.	4.006	4.725	2018.	2.796	68.84
Swiss Franc	*0.258*	*0.603*	*1.075*	*134.8*	*2.497*	*1.*	*1.180*	*503.6*	*0.698*	*17.19*
Dutch Guilder	0.219	0.511	0.911	114.2	2.116	0.848	1.	427.0	0.592	14.57
Italian Lira, 1,000	0.512	1.197	2.133	267.5	4.956	1.985	2.342	1000.	1.386	34.12
Canadian Dollar	0.369	0.863	1.539	193.0	3.579	1.439	1.690	721.5	1.	24.52
Belgian Franc 100	1.500	3.507	6.253	783.9	14.53	5.819	6.864	2931.	4.062	100.

EURO-CURRENCY INTEREST RATES (Market Closing Rates)

June 2	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	17⅛-17⅜	10¼-10½	9-10	11⅛-11⅜	9½-2¾	9⅛-9⅛	12⅝-12½	19⅛-17½	10⅛-10¼	15-18
7 days' notice	16¾-17	10¼-10½	9-10	11⅛-11⅜	3-3½	9⅛-9⅛	12⅞-19½	18-20	10-10⅛	15-15¼
Month	17⅜-17⅝	10-10¼	11¾-12⅛	11⅛-11⅜	5⅜-5¾	9⅛-9⅛	12⅛-19⅛	17⅛-19	10⅛-10⅛	14-14¼
Three months	16⅞-17⅛	10⅛-10⅛	11⅛-11⅜	11-11¼	5½-5⅝	9⅛-9⅝	12⅝-12⅞	18-19½	10⅛-10¼	12¾-13
Six months	16⅜-16⅞	10⅛-10⅛	10⅞-10⅞	10¾-11	5⅜-5½	9⅛-9⅛	12⅝-12⅞	18½-20	10⅝-10½	11¾-12
One year	14⅞-19⅛	10⅛-10⅛	10¼-10⅝	10⅝ 10⅞	5⅜-5¼	8⅝-8¾	13¾-13	17¼-19¼	10⅜-10½	10¼-10½

The following nominal rates were quoted for London dollar certificates of deposit: one-month 9.40-9.50 per cent; three-months 9.50-9.60 per cent; six-months 9.50-9.60 per cent; one year 9.20-9.40 per cent.

Long-term Eurodollar two years 10⅝-10⅞ per cent; three years 10¾-11 per cent; four years 10¾-11 per cent; five years 10⅞-11⅛ per cent; nominal closing rates. *Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two days' notice. Asian rates are closing rates in Singapore.*

INTERNATIONAL MONEY MARKET

Paris rates steady

Call money in Paris is *expected to remain in good supply* this week, possibly easing from the current level of 12½ per cent, where it has been since last Thursday. An inflow of funds from foreign investors, encouraged by the strength of the franc, has helped to keep conditions easy. On the other hand fears of rising inflation—at present around 14 per cent—and expectations of a large balance of payments deficit this year has made the Bank of France cautious about allowing a sharp reduction in interest rates.

In Frankfurt call money rose to 10.20-10.30 per cent from 9.30-9.40 per cent, and period rates were generally firmer. One-month was unchanged at 10.10-10.20 per cent, but three-month rose to 10.25-10.35 per cent from 10.20-10.30 per cent; six-month to 9.95-10.05 per cent from 9.90-10.00 per cent; and 12-month to 9.50-9.60 per cent from 9.45-9.55 per cent.

In Amsterdam call money was unchanged at 11½-11⅜ per cent, while term rates showed mixed changes. One-month was unchanged at 11½-11⅞ per cent; three-month eased to 11-11½ per cent from 11½-11⅝ per cent; and six-month rose to 10½-11 per cent from 10⅛-10⅞ per cent.

In Milan money rates were unchanged with one-month at 16⅛-16⅞ per cent; two-month at 16½-17⅛ per cent; and three-month at 17⅛-17⅞ per cent.

UK MONEY MARKET

Full supply

Bank of England Minimum Lending Rate 17 per cent (since November 15, 1979)

Day-to-day credit was in abundant supply in the London money market yesterday, and the authorities absorbed the surplus by selling a moderate amount of *Treasury bills to the discount houses.*

Banks brought forward large surplus balances, there was a small excess of Government disbursements over revenue payments to the Exchequer, and the market was also helped by a small decrease in the note circulation.

Discount houses paid up to 16⅞ per cent for secured call loans, with late balances found at 5-11 per cent.

In the interbank market *overnight loans opened at 16⅞-16⅞* per cent and eased to 8-10 per cent, before touching 13-14 per cent and closing at 3-5 per cent.

GOLD

	June 2		May 30	
Gold Bullion (fine ounce)				
Close	$556-561	(£237½-240)	$534-537	(£227¾-229)
Opening	$558-563	(£237-239½)	$527-530	(£225¾-227)
Morning fixing	$563.00	(£239.015)	$531.40	(£228.167)
Afternoon fixing	$561.50	(£239.546)	$535.50	(£229.238)
Gold Coins				
Krugerrand	$575-580	(£245-248)	$551-556	(£235-237)
Mapleleaf	$577-582	(£244-247)	$544-549	(£232-235)
New Sovereigns	$152-163½	(£65½-91¾)	$144-148	(£61½-63¾)
King Sov	$172-175	(£74-75)	$170-173	(£73½-73¾)
Victoria Sov	$174-177	(£74½-76)	$170-173	(£73½-73¾)
French 20s	$149-152		$146-149	
50 pesos Mexico	$682-702		$665-660	
100 Cor. Austria	$565-565		$515-520	
$20 Eagles	$660-667		$654-658	
$10 Eagles	—		—	
$5 Eagles	—		—	

Trading was active with a high point of around $570. Although lower than its opening level of $558-563, gold managed to maintain most of its Far East gains.

In Paris the 12½ kilo bar was fixed at FFr 75,700 per kilo ($570.85 per ounce) compared with FFr 75,550 ($570.85) in the morning and FFr 73,650 ($550.66) on Friday afternoon.

In Frankfurt, the 12½ kilo bar was fixed at DM32,215 per kilo ($565.00 per ounce) against DM30,580 ($532.51) previously, and it closed at $556-564.

In Zurich the metal finished at $560-565 per ounce.

GOLD

Sharp rise

Gold rose $23 an ounce in the London bullion market yesterday to close at $556-561, its best level since the middle of March.

LONDON MONEY RATES

May 30 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	3-15⅛	—	—	—	16¼-16	8-16¼	—	—	—
2 days notice	—	—	17-17¼	—	—	—	—	—	—	—
7 days or 7 days notice	—	16⅞-16⅞	—	—	—	—	—	—	—	—
One month	17⅛-16⅞	16⅞-17⅛	—	18¼-18	17	17⅛-17	18⅛-16⅞	17⅛	17⅛	18⅛
Two months	17⅛-17⅛	17-17⅛	17⅛-17⅛	17½-17⅛	17⅛	—	—	16⅛-15⅛	17⅛	18
Three months	17⅛-16⅞	17⅛-17⅛	17⅛-17⅛	17⅛-17⅛	17⅛	17⅛	16⅜	—	16⅛-16⅛	17⅛
Six months	16⅛-16⅛	16⅛-16⅜	16⅛-16⅛	17-16⅞	16⅞	—	—	—	16⅛-16⅛	16⅞
Nine months	16⅛-15⅞	16⅛-15⅛	—	16⅞-16⅛	16	—	—	—	—	—
One year	16-15⅜	15⅞-15⅜	16⅛-15⅛	16⅛-15⅛	15⅜	—	—	—	—	—
Two years	—	—	—	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. *Long-term local authority mortgage rate nominally three years 14½-15⅛ per cent; four years 14½-14⅞ per cent; five years 14¾-14⅞ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 16⅛-16¼ per cent; four-month trade bills 16⅞ per cent.*

Approximate selling rates for one-month Treasury bills 16⅛-15⅞ per cent; two-months 15⅛-15⅞ per cent; three-months 15⅞-16 per cent. Approximate selling rates for one month bank bills 17⅛-17⅛ per cent; two-months 16⅞-16⅞ per cent; three-months 16⅛-16⅝ per cent; one-month trade bills 17⅜ per cent; two-months 17 per cent; and three-months 16⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 17½ per cent from June 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 15 per cent. Clearing Bank Rates for lending 17 per cent. Treasury Bills: Average tender rates of discount 16.0608 per cent.

MONEY RATES

NEW YORK	
Prime Rate	14-14¼
Fed. Funds	8.00
Treasury Bills (13-week)	8.00
Treasury Bills (26-week)	8.22
GERMANY	
Discount Rate	7.5
Overnight Rate	10.15
One month	10.30
Three months	10.00
Six months	9.80
FRANCE	
Discount Rate	9.5
Overnight Rate	12.25
One month	12.375
Three months	12.375
Six months	12.3125
JAPAN	
Discount Rate	9.0
Call (Unconditional)	12.8125
Bills Discount (three-month)	12.8125

WORLD VALUE OF THE POUND

The table below gives the latest available rates of exchange for the pound against various currencies on June 2, 1980. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rates; (S) member of the sterling area other than Scheduled Territories; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (bk) bankers' rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (k) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Afghanistan	Afghani	94
Albania	Lek	10.02
Algeria	Dinar	9.953
Andorra	French Franc / Spanish Peseta	9.6825 / 162.90
Angola	Kwanza	65.932
Antigua (S)	E. Caribbean $	6.313
Argentina	Ar. Peso Free Rate	4,292
Australia (S)	Australian $	2.0435
Austria	Schilling	29.675
Azores	Portug. Escudo	119.129
Bahamas (S)	Ba. Dollar	2.3379
Bahrain (S)	Dinar	0.885
Balearic Isles	Spa. Peseta	162.90
Bangladesh (S)	Taka	34.92
Barbados (S)	Barbados $††	4.679
Belgium	B. Franc	(com) 66.95 / (fn) 67.50
Belize	B $	4.676
Benin	C.F.A. Franc	484.125
Bermuda (S)	Bda $	2.3375
Bhutan	Indian Rupee	18.35
Bolivia	Bolivian Peso	58.4
Botswana (S)	Pula	1.8308
Brazil	Cruzeiro	119.00
Brit. Virgin Isles (S)	U.S. $	2.3375
Brunei (S)	Brunei $	4.999
Bulgaria	Lev	1.9590
Burma	Kyat	15.76
Burundi	Burundi Franc	204.74
Cameroon Republic	C.F.A. Franc	484.129
Canada	Canadian $	2.7075
Canary Islands	Spanish Peseta	162.80
Cape Verde Isle	Cape V. Escudo	85.29
Cayman Islands (S)	Cay. Is. $	1.9487
Cent. Af. Repub.	C.F.A. Franc	486.25
Chad	C.F.A. Franc	484.193
Chile	Chilean Peso	(fn) 91.55 / (f) 30.48
China	Renminbi Yuan	3.4648
Colombia	C. Peso	(F) 107.04
Comoro Islands	C.F.A. Franc	484.185
Congo (Brazzaville)	C.F.A. Franc	484.125
Costa Rica	Colon	20.0096
Cuba	Cuban Peso	1.5992
Cyprus (S)	Cyprus £	0.819
Czechoslovakia	Koruna	(com) 12.20 / n(c) 24.29 / (T) 30.46
Denmark	Danish Krone	12.943
Djibouti	Fr.	410.0(S)
Dominica (S)	E. Caribbean $	6.313
Dominican Repub.	Dominican Peso	2.3379
Ecuador	Sucre	(O) 58.87 / (F) 66.10
Egypt	Egyptian £	(U) 1.69
Equatorial Guinea	Pesata	162.90
Ethiopia	Ethiopian Birr	(P) 4.8717
Falkland Islands (S)	Falkland Is. £	1.0
Faroe Islands	Danish Krone	12.945
Fiji Islands	Fiji $	1.8912
Finland	Markka	8.66
France	French Franc	9.6825
French C'tyin Af.	C.F.A. Franc	484.125
French Guiana	Local Franc	9.6825
French Pacific Is.	C.F.P. Franc	174
Gabon	C.F.A. Franc	484.129
Gambia (S)	Dalasi	4.0
Germany (East)	Ostmark	4.1675
Germany (West)	Deutsche Mark	4.1675
Ghana (S)	Cedi	6.42
Gibraltar (S)	Gibraltar £	1.0
Greece	Drachma	100.065
Greenland	Danish Kroner	12.945
Grenada (S)	E. Caribbean $	6.313
Guadaloupe	Local Franc	9.6825
Guam	U.S. $	2.3375
Guatemala	Quetzal	2.3375
Guinea Republic	Sily	43.79
Guinea Bissau	Peso	78.007
Guyana (S)	Guyanese $	5.9958
Haiti	Gourd	11.68
Honduras Repub.	Lempira	4.71
Hong Kong (S)	H.K. $	11.465
Hungary	Forint	(com) 73.4594 / (T)(nc) 45.5718
Iceland (S)	I. Krona	1,090
India (S)	Ind. Rupee	18.35
Indonesia	Rupiah	1,460
Iran	Rial	n/a
Iraq	Iraq Dinar	0.6941
Irish Republic (k)	Irish £	1.1235
Israel	Shekel	10.83
Italy	Lira	1,953.6
Ivory Coast	C.F.A. Franc	484.129
Jamaica (S)	Jamaican Dollar	4.1668
Japan	Yen	522.5
Jordan (S)	Jordan Dinar	0.690(sg)
Kampuchea	Riel	2,605.2
Kenya (S)	Kenya Shilling	17.125
Kiribati	Australian $	2.0435
Korea (Nth)	Won	1.9876(U)
Korea (Sth)	Won	1,402.57
Kuwait (S)	Kuwait Dinar	0.631
Laos	Kip Pot Po	934.4
Lebanon	Lebanese £	8.0080
Lesotho	Loti	1.8319
Liberia	Liberian $	2.3376
Libya	Libyan Dinar	0.6916
Liechtenstein	Swiss Franc	3.8775
Luxembourg	Lux Franc	66.69
Macao	Pataca	12.29
Madeira	Portug'se Escudo	115.125
Malagasy Republic	MG Franc	484.125
Malawi (S)	Kwacha	1.87
Malaysia (S)	Ringgit	5.045
Maldive Islands (S)	Mal Rupee	9.17
Mali Republic	Mali Franc	968.25
Malta (S)	Maltese £	0.808
Martinique	Local Franc	9.6825
Mauritania	Ouguiya	96.30
Mauritius (S)	M. Rupee	17.79
Mexico	Mexican Peso	53.65
Miquelon	C.F.A. Franc	484.125
Monaco	French Franc	9.6825
Mongolia	Tugrik	(O) 6.7135
Montserrat	E. Caribbean $	6.313
Morocco	Dirham	8.65(g)
Mozambique	Moz. Escudo	83.37
Nauru	Australian Dollar	2.0439
Nepal	Nepalese Rupee	28.058
Netherlands	Guilder	4.579
Netherland Antilles	Antillian Guilder	4.1614
New Hebrides	Franc / Aust. Dollar	166.52 / 2.0435
New Zealand (S)	N. Z. Dollar	2.3730
Nicaragua	Cordoba	23.47
Niger Republic	C. F. A. Franc	484.129
Nigeria (S)	Naira	1.270648(sg)
Norway	Norway Krone	11.3526
Oman Sultan'e of (S)	Rial Omani	0.808
Pakistan	Pakistan Rupee	23.13
Panama	Balboa	2.3376
Papua N.Guinea (S)	Kina	1.6631
Paraguay	Guarani	292.53
Peru	Sol	exc (A) 628.10
Philippines	Philippine Peso	17.10
Pitcairn Islands (S)	£ Sterling / New Zealand $	— / 2.3740
Poland	Zloty	(Cm) 69.20 / (T) 69.20
Portugal	Portug'se Escudo	114.40
Port Timor	Timor Escudo	115.125
Puerto Rico	U.S. $	2.3375
Qatar (S)	Qatar Ryal	8.58
Reunion Ile de la	French Franc	9.6825
Romania	Leu	(h) 10.48 / (n/c) 728.13
Rwanda	Rwanda Franc	211.29
St. Christopher (S)	E. Caribbean $	6.319
St. Helena	St. Helena £	1.0
St. Lucia	E. Caribbean $	6.319
St. Pierre	Local Franc	9.6825
St. Vincent (S)	E. Caribbean $	6.313
Salvador El	Colon	5.83
Samoa American	U.S. $	2.3379
San Marino	Italian Lira	1,953.8
Sao To'e&Principe	Dobra	80.893
Saudi Arabia	Ryal	7.83
Senegal	C.F.A. Franc	484.125
Seychelles	S. Rupee	14.50(sg)
Sierra Leone (S)	Leone	2.4435
Singapore (S)	Singapore $	4.996
Solomon Islands (S)	Solomon Is. $	1.9885
Somali Republic	Somali Shilling	(A) 14.672
South Africa (S)	Rand	1.8219
South West African Territories (S)	S. A. Rand	1.8215
Spain	Peseta	162.90
Spanish ports in North Africa	Peseta	162.90
Sri Lanka (S)	S. L. Rupee	37.30
Sudan Republic	Sudan £ (1)	1.17
Sudan Republic	Sudan £ (2)	1.87
Surinam	S. Guilder	4.1814
Swaziland (S)	Lilangeni	1.8913
Sweden	S. Krona	9.765
Switzerland	Swiss Franc	3.8775
Syria	Syria £	(A) 9.178
Taiwan	New Taiwan	(P) 84.095
Tanzania (S)	Tan. Shilling	19.36
Thailand	Baht	47.76
Togo Republic	C.F.A. Franc	484.193
Tonga Islands (S)	Pa'anga	2.0528
Trinidad (S)	Trinidad & Tob. $	5.6064
Tunisia	Tunisian Dinar	0.928(SC)
Turkey	Turkish Lira	166.40
Turks & Caicos	U.S. $	2.3376
Tuvalu	Australian $	2.0435
Uganda (S)	Uganda S	17.0
United States	U.S. Dollar	2.3379
Uruguay	Uruguay Peso	(cm) 20.83 / (f) 20.63
Utd. Arab Emirates	U.A.E. Dirham	8.71
U.S.S.R.	Rouble	1.4899
Upper Volta	C.F.A Franc	484.193
Vatican	Italian Lire	1,953.5
Venezuela	Bolivar	10.13
Vietnam	Dong	(O) 5.1191 / (T) 4.8665(f)
Virgin Islands U.S.	U.S. Dollar	2.3375
Western Samoa	S. Samoan Tala	2.1430
Yemen (Nth)	Ryal	10.85(SG)
Yemen (Sth)	S. Yemen Dinar	(A) 0.7977
Yugoslavia	New Yugoslav Dinar	48.3396
Zaire Republic	Zaire	3.760
Zambia	Kwacha	1.73
Zimbabwe	Zimbabwe $	1.504

*That part of the French community in Africa formerly French West Africa or French Equatorial Africa. † Rupees per pound. ‡ General rates of oil and iron exports 98.112. **Rate is the transfer market (controlled). ††Rate is now based on 2 Barbados $ to the dollar. ‡‡ Now one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral agreement with Egypt, and who are not members of IMF. (§) Based on gross rates against Russian rouble. (1) Official rate for exports and imports. (2) Parallel rate for all transactions except specified exports and imports.

THIS ANNOUNCEMENT APPEARS AS A MATTER OF RECORD ONLY

FUERZAS ELECTRICAS DE CATALUÑA, S.A.
(FECSA)

U.S. $200,000,000

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CITICORP INTERNATIONAL BANK LIMITED
AGENT

MAY 30, 1980

WORLD STOCK MARKETS

Wall St. mixed at mid-session

After easing on renewed profit-taking, Wall Street tended to pick up in moderate trading yesterday morning to make a rather mixed showing at mid-session.

The Dow Jones Industrial Average, after slipping 4.52 to 846.33 at 11.00 am, was a net 0.26 harder at 851.11 at 1 pm. The NYSE All Common Index was 2 cents up on balance at $63.46, after declining to $63.16, although declines retained a narrow seven-to-six ratio lead over gains at mid-session. Volume contracted to 20.73m shares from last Friday's 1 pm level of 24.02m.

Analysts said higher gold prices and report that Saudi Arabia might raise oil prices again provided an excuse for selling among nervous investors, who have been expecting a sharp price correction after the market's past six-week advance.

They also cited rumours that some U.S. hostages in Iran had been shot, but militants holding the hostages have denied the rumours.

The recent sharp fall in short term interest rates remained the market's main support. Credit market analysts said rapid slowing of the U.S. economy may cause further easing of rates.

A better showing by IBM was encouraging. The Belwether issue topped the actives list and added 1 at $56¼. Representatives of IBM met with Justice Department officials last Friday in their eighth negotiating session aimed at resolving the U.S. anti-trust suit against the company.

Among Precious Metals issues, Dome Mines rose 2¾ to $70⅞, Campbell Redlake ⅝ to $36⅞, Hecla Mining $1 to $22⅛ and active Benguet ⅛ to $10⅛.

General Dynamics gained $1 to to $64¾. It has won a $510.5m air force contract for F-16 aircraft. Chrysler slipped ⅛ to $6⅞.

Closing prices for North America were not available for this edition.

U.S. officials said 20 of the 135 banks involved in the Chrysler rescue package have balked at the terms.

Southern Railway slipped ½ to $59 and Norfolk and Western also ¼ to $30¾. They have agreed in principle to have a new company to buy the stock of both for about $2bn.

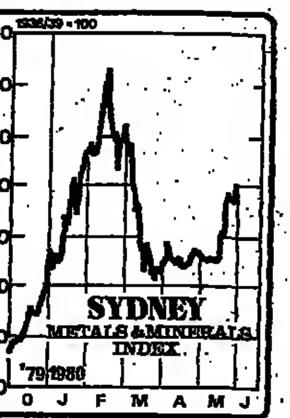
THE AMERICAN SE Market Value Index was up 1.55 at 273.22 at 1 pm. Volume 2.51m shares (2.61m).

Canada

Shares were firmer-inclined in active early dealings. The Toronto Composite Index added 9.2 at 1,980.9, Golds 78.3 at 3309.5, Oil and Gas 24.0 at 4,238.2 and Metals and Minerals at 1,852.4.

Australia

Oils put on a fresh show of strength yesterday and were accompanied by a buoyant Gold shares sector, the latter reflecting the sharply higher international Bullion price. There was



heavy demand for these groups, while other segments of the market tended to firm. The Sydney All Ordinaries index gained 10.36 to 867.44 and the Metals and Minerals sub-group index climbed 164.46 to 5503.95.

Among Golds, Central Norseman advanced 30 cents to A$8.40, Peko-Wallsend 60 cents to A$8.20, Emperor 5 cents to A$1.90 and Gold Mines of Kalgoorlie 40 cents to A$5.50.

Uranium issue Pancontinental, which also has gold interests, moved ahead 50 cents to A$7.00, while Mining issues with gold as a side product to other metals also advanced. Western Mining climbed 28 cents to A$4.95, MIM 10 cents to A$4.60 and Bougainville Copper 5 cents to A$2.30. Renison Tin added 50 cents at A$18.00 and Meekatharra Minerals 25 cents to A$3.90.

In the Oils group, Central Pacific rose A$2 to A$30, Santos 40 cents to A$14.30, CSR put on 12 cents to 72 cents, Vamgas 10 cents to A$6.60 and Woodside 6 cents to A$2.95.

In Industrials boards, BHP, which announced a steel price rise on Friday and also has oil drilling interests, hardened 10 cents to A$10.30. CSR put on 22 cents to A$6.64 ahead of preliminary results, due later this week.

Tokyo

The market turned mainly easier in light trading, with recently strong speculatives declining on profit-taking.

The Nikkei-Dow Jones Average was only 2.96 down at 6,862.70, although falls outscored advances on the First Market section by 340 to 332. Turnover came to 200m shares, against last Friday's 320m and Saturday's half-day session total of 160m.

Investors were showing caution following news that Prime Minister Masayoshi Ohira was suffering from heart disease.

Among Lower Oils sector, Nippon Oil lost Y2 to Y2,220, Teikoku Oil Y10 to Y1,390 and Maruzen Oil Y12 to Y428. Marubeni declined Y6 to Y371, while other Trading Houses generally eased a shade.

Motors were inclined to weaken, Honda losing Y11 to Y537 but Light Electricals provided a firm group, with Pioneer Electronic gaining Y20 to Y1,840, Sony Y10 to Y2,030 and Matsushita Electric Y8 to Y671.

Hong Kong

The market continued to improve in increased activity, but finished below the day's best. The Hang Seng index added 7.35 at 901.67.

Buying was selective and concentrated in leading shares. Some initial heavy selling was noted in Hong Kong Bank yesterday morning following Saturday's further 1.5 percentage points reduction in local Prime Rate to 13 per cent, but the Prime cut added sentiment generally.

There was also subsequent support for Hong Kong Bank which ended a net 20 cents higher at HK$14.40.

Johannesburg

Gold and Mining Financial shares mainly gained ground with the sharply higher Bullion price. F S Geduld put on R1 to R64, and Angold R1.50 to R91.00. De Beers rose 12 cents to R10.10. Platinums firmed but Coppers were easier. Industrials mostly retreated. Sasol closed a net 15 cents down at R3.65 after an opening R3.60 on news of the company's refinery explosions.

Germany

Bourse prices generally remained in easier vein, with the Commerzbank index declining 2.3 more to 706.8.

Motors were particularly weak, with BMW falling DM 4.50 and Volkswagen DM 3.20. Dresdner Bank shed DM 2, Lufthansa DM 4 and Kaufhof, in Stores, DM 2.50.

The Domestic Bond market closed mixed to lower, but was very thin as investors held back in anticipation of today's announcement of the next issue for the Federal Republic. The Bundesbank intervened to buy up paper valued at DM 15.4m, down considerably from Friday's purchases of DM 27.2m.

Indices

NEW YORK —DOW JONES

	May 30	May 29	May 28	May 27	May 23	May 22	1980 High	1980 Low	Since C'mpila'n High	Since C'mpila'n Low
♦ Industr'ls	850.85	846.25	860.32	857.78	854.19	842.92	903.84 (13/2)	759.13 (11/4)	1051.70 (11/73)	41.22 (2/7/32)
H'me B'nds	72.55	72.58	72.38	72.02	72.28	72.27	74.01 (8/1)	63.87 (28/3)	—	—
Transport	269.23	268.14	271.20	269.69	296.34	265.01	305.80 (8/2)	233.69 (27/3)	305.80 (8/2/80)	12.23 (8/7/32)
Utilities	110.28	108.91	110.49	109.89	109.15	109.18	113.46 (15/2)	96.04 (27/3)	165.52 (20/4/69)	10.52 (28/4/42)
Trading Vol 000's	34,620	42,000	38,580	40,810	45,790	41,040	—	—	—	—

♦ Day's high 855.84 low 836.07.

Ind. div. yield %	May 23	May 16	May 2	Year ago (approx)
	7.10	6.50	6.50	0.01

STANDARD AND POORS

	May 30	May 29	May 28	May 27	May 23	May 22	1980 High	1980 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls	125.03	123.82	128.85	125.24	124.33	122.80	134.47 (13/2)	111.09 (27/7)	134.64 (11/1/73)	3.52 (30/6/32)
§Composite	111.24	110.27	112.06	111.40	110.62	109.01	118.44 (13/2)	98.22 (13/2)	125.85 (11/1/73)	4.40 (1/6/32)

	May 28	May 21	May 14	Year ago (approx)
Ind. div. yield %	0.30	5.53	5.56	5.38
Ind. P/E Ratio	7.77	7.40	7.36	8.38
Long Gov. Bond Yield	10.15	10.20	10.19	8.28

N.Y.S.E. ALL COMMON

May 30	May 29	May 28	May 27	1980 High	1980 Low
63.44	62.97	63.88	63.50	67.77 (13/2)	63.30 (27/3)

Rises and Falls	May 30	May 29	May 28
Issues Traded	1,865	1,881	1,917
Rises	825	505	827
Falls	623	1,082	072
Unchanged	417	384	411
New Highs	—	38	33
New Lows	—	4	8

MONTREAL

	May 30	May 29	May 28	May 27	1980 High	1980 Low
Industrial	367.78	355.84	365.41	361.72	423.80 (28/2)	323.21 (27/3)
Combined	355.07	351.86	339.58	340.15	378.90 (29/2)	296.90 (27/3)
TORONTO Composite	1971.7	1958.8	1997.2	2098.9	2192.8 (28/2)	1792.5 (27/3)

	June 2	May 30	May 22	May 22	1980 High	1980 Low
AUSTRALIA						
Sydney All Ord. (1936/59)	867.44	857.08	858.64	856.90	847.47 (14/2)	760.09 (2/1)
Metals & Minls (1936/59)	5503.95	5339.49	5378.75	5401.98	5580.95 (14/2)	4501.26 (28/3)
AUSTRIA						
Credit Aktien (2/1/62)	57.58	58.49	58.56	58.60	59.40 (7/1)	57.40 (2/5)
BELGIUM						
Belgian SE (31/12/63)	96.01	95.75	95.89	95.68	105.75 (11/2)	90.14 (31/3)
DENMARK						
Copenhagen SE (1.1/73)	77.93	78.16	78.10	78.19	88.74 (2/1)	74.78 (0/5)
FRANCE						
CAC General (29/12/61)	108.0	109.0	109.8	100.8	117.80 (22/8)	97.1 (5/1)
Ind Tendance (28/12/79)	105.9	105.3	106.0	106.3	108.70 (18/2)	95.60 (3/1)
GERMANY						
FAZ-Aktien 31/1958	224.65	226.21	227.07	225.48	238.89 (25/9)	212.75 (28/3)
Commerzbank (Dec. 1953)	706.8	709.00	713.8	709.8	749.2 (25/2)	687.8 (27/3)
HOLLAND						
ANP-CBS General (1970)	84.5	84.5	84.7	84.8	97.8 (11/2)	74.0 (27/3)
ANP-CBS Indust. (1970)	66.4	66.0	65.7	65.4	69.2 (11/1)	56.2 (28/3)
HONG KONG						
Hang Seng Bank (31/7/64)	901.67	894.32	893.43	894.98	983.17 (15/2)	738.9 (18/3)
ITALY						
Banca Comm. Ital (1972)	96.53	97.56	98.83	98.57	97.98 (30/5)	83.11 (2/1)
JAPAN						
Dow Average (16/5/49)	6862.70	6865.70	6841.40	6849.05	6994.81 (25/4)	6475.60 (27/3)
Tokyo New SE (4/1/68)	466.75	466.40	466.60	467.36	472.65 (14/2)	449.01 (10/3)
NORWAY						
Oslo SE (1/1/72)	130.58	131.52	133.53	133.69	144.70 (14/2)	110.12 (28/8)
SINGAPORE						
Straits Times (1966)	618.89	520.21	515.88	(c)	520.21 (30/5)	428.75 (3/1)
SOUTH AFRICA						
Gold (1958)	(u)	625.6	596.3	615.3	625.6 (30/5)	505.9 (4/7)
Industrial (1958)	(u)	526.1	526.3	528.1	528.1 (28/5)	458.0 (29/1)
SPAIN						
Madrid SE (28/12/79)	(c)	97.44	97.17	97.30	105.28 (21/2)	93.76 (13/5)
SWEDEN						
Jacobson & P. (1/1/58)	367.54	367.19	364.48	365.20	389.98 (8/2)	334.72 (17/1)
SWITZERLAND						
Swiss Bank Co. (31/12/58)	292.1	292.4	294.1	286.4	317.8 (11/2)	284.8 (22/4)
WORLD						
Capital Intl. (1/1/70)	—	136.8	136.8	137.9	145.5 (13/2)	120.5 (27/3)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Gulf West	522,900	17	+1⅛	Gulf Oil	336,400	42⅞	+2
City Invest.	461,500	25⅞	+¾	Banguet	354,500	9⅞	+⅛
IBM	437,200	55⅞	+⅞	El Paso Co.	330,500	19⅞	+⅝
Engelhard	412,000	34½	+3½	IU Intl.	323,300	16½	+½
Schering-Plough	406,600	38½	+⅛	Exxon	319,200	64	+⅝

COMMODITIES AND AGRICULTURE

Cocoa price hit by sales report

By Our Commodities Editor

REPORTS that the Ivory Coast had sold 100,000 tonnes of its surplus cocoa stockpile to European consumers, via a London dealer, caused some confusion on the London cocoa futures market yesterday.

Prices fell to new four-year lows in early trading, but rallied later as some manufacturer buying interest came in. The July position did close £11.5 down at £1,041.5 a tonne, after falling to £1,026 in the morning, but the September position ended £2.5 up at £1,071.5.

Full details of the deal with the Ivory Coast have yet to emerge, if indeed it has yet been finalised. But leading London and European dealers and processors recently visited Abidjan. It is believed that at least some of the 100,000 tonnes involved is destined for Eastern Europe, while the remainder will be divided among several leading consumers.

If the Ivory Coast has managed to sell this large quantity, and goes ahead with the deal to sell Brazil 30,000 tonnes for processing, it has effectively disposed of its stockpile of surplus supplies held off the market in the hope of obtaining higher prices.

However, the net result is simply shifting the surplus from one part of the world to another. Adding confusion to the market at present is the fact that Ghana is reported to have been selling steadily, and heavily, in.

Although the pressure on Ivory Coast to sell will be considerably lessened, cocoa production still exceeds consumption.

Sugar market unsettled

LONDON raw sugar futures closed yesterday with modest losses following last week's rises to new 5½-year highs. Morning losses of about £4.50 a tonne were extended during the afternoon to an average £8.50. The October position finished at £387.125, down £11.175 on Friday's close.

Traders said that market uncertainty following last week's gains was tempered by reports of further buying by Mexico and India. Cuban officials said in London yesterday that Cuba had recently made commercial sales for cash to Mexico, but, in New York, traders said that they were unable to confirm rumours of a substantial U.S. sale to India.

Copper leads decline in base metals

BY JOHN EDWARDS, COMMODITIES EDITOR

229,200 to 275,000, according to COPPER led a general decline in base metals yesterday reflecting gloom about the recession in the U.S. hitting demand. Cash wirebars closed £16 lower at £886.5 a tonne, in spite of opening on a firm note following the rise in gold.

Encouraging the downtrend in both copper and aluminium was the announcement on Friday evening that the five leading U.S. aluminium companies had successfully negotiated new three-year labour contracts with unions representing 48,600 workers. One of the unions, United Steelworkers of America, is the biggest union involved in the forthcoming negotiations over the copper workers' contracts that expire at the end of this month.

Although the aluminium contracts have yet to be ratified by the workers, it is felt they might well set a precedent for settling the copper contracts without any stoppage.

However, some dealers pointed out that the recent fall in prices, and depressed outlook for demand at present, might encourage the copper companies to take a much stronger line if the cost of an early settlement was considered to be too high. Bargaining between the two sides is scheduled to begin in earnest this week, but is likely to continue close up to the deadline of June 30.

Meanwhile, as expected, copper stocks in the London Metal Exchange warehouses rose by 500 tonnes last week increasing total holdings to 116,150 tonnes.

Aluminium stocks fell by 2,275 to 24,775 tonnes, but prices fell back on the U.S. contracts settlement. Cash aluminium closed £12.5 down at £720 a tonne after rallying from the lowest levels for nine months.

Lead continued to lose ground. The cash price closed £17 lower at £310.5 a tonne as new selling came into the market after a firm opening. Lead stocks rose slightly by 75 to 19,450 tonnes.

Tin was under pressure from a sharp fall in the Penang market over the weekend. However, the cash price eventually closed only £20 down at £7,475 a tonne in spite of a rise in warehouse stocks, up by 85 to a total of 1,960 tonnes.

Zinc stocks fell by 200 to 58,725 tonnes and nickel by 414 to 7,482 tonnes. However, LME silver holdings continued to climb. They rose by a further 270,000 ozs to a total of 26,110,000 ozs.

Warning to UK farmers

By Richard Mooney

MR. PETER WALKER, Britain's Agriculture Minister, has indicated that British farmers should not count on direct Government aid to supplement the 5 per cent average price rise they will get when the UK's EEC budget problem is eventually solved.

Speaking in London yesterday he said the British Government had already shown its intention of backing British Agriculture by last year's devaluations of the Green Pound which had improved the farmers' competitive situation.

The National Farmers' Union yesterday repeated its call for extra help. "An award of 5 per cent goes nowhere near covering the kind of inflation British farmers have to bear," said Mr. Alan Jackson, deputy president of the union. "We cannot continue to meet higher costs from diminishing returns."

Mr. Walker conceded that farmers were facing a substantially increased cost burden, but skated round suggestions that extra help was needed. He said their argument for Government aid did not take account of the benefit the industry would gain from the sheepmeat regime, which had been included in the EEC Commission's original proposals.

He said he did not expect New Zealand to use its effective veto over the adoption of the regime. "New Zealand has the opportunity to keep up shipments to current levels or to exchange sales reductions for the UK for lower tariffs," he said. Mr. Robert Muldoon, the New Zealand prime minister, was negotiating with the EEC Commission over certain aspects of the plan.

The Minister rejected suggestions that the interests of the British fishing industry had been traded off in the budget deal, and Mr. Walker's Secretary of State, Mr. Alick Buchanan-Smith letter emphasised that fisheries negotiations would continue to be treated on merit.

Guidelines for future negotiations had been agreed he said, "but we have given nothing away."

KANGAROOS

U.S. lifts five-year ban

BY PATRICIA NEWBY IN CANBERRA

THE AUSTRALIAN government and the National Farmers Federation have welcomed a decision by the U.S. to lift its five-year ban on commercial imports of kangaroos and kangaroo products.

Mr. Robert Herbst the U.S. Assistant Interior Minister, said that a U.S. government study had indicated that there were about 32m kangaroos in Australia, far more than previously believed.

The kangaroo was listed as threatened under the U.S. Endangered Species Act. The ban on imported kangaroo products will be lifted for a trial period of two years.

Since 1975, the Australian government has been making strong representations to the U.S. to have the ban lifted. Before the ban the U.S. was the biggest importer of hides used to make boots, shoes, bags, belts and other luxury items. The hides also provide an attractive and durable fur for coats.

The Australian government has been stressing that kangaroos have to be culled or they reach plague proportions, competing with sheep and cattle for grass.

Without the U.S. market for kangaroo products, there is little incentive for commercial kangaroo shooters and farmers wanting to reduce kangaroo populations on their properties have had to kill the kangaroos themselves and burn the carcasses.

Mr. Don Eckersley, the president of the National Farmers Federation, said yesterday that the U.S. announcement had come at a good time, as many farmers were seriously affected by drought and at the same time plagued by huge numbers of kangaroos.

The U.S. decision follows the visit to Australia by Dr. David Anderson, of the U.S. Fish and Wildlife Service, to obtain a better understanding of kangaroo conservation, management and biology.

Before leaving Australia, Dr. Anderson said: "I have seen an awful lot of kangaroos. They are not in any risk of extermination."

A joint statement by Mr. Doug Anthony, the Deputy Prime Minister and Minister for Trade and Resources and Mr. David Thomson, the Minister for the Environment said people concerned about kangaroo conservation could be assured that the lifting of the U.S. ban would not mean an automatic increase in harvesting quotas. Quotas would continue to be determined on scientific grounds.

However, U.S. and Australian conservation groups have already expressed concern that kangaroos, especially the rarer types, may be slaughtered to extinction.

Malaysia condemns U.S. tin policy

BY WONG SULONG IN KUALA LUMPUR

DATUK PAUL LEONG, the Malaysian Primary Industries Minister, has strongly criticised the U.S. for its hardline position over negotiations for a new International Tin Agreement. He said tin producers would never agree to the abolition of export control.

Addressing mining engineers here, he also said Malaysia was opposed to enlarging the size of the tin buffer stock beyond 30,000 or 35,000 tonnes. The U.S. had demanded the abolition of export control and enlarging the buffer stock to 70,000 tonnes during the recent Geneva negotiations on the sixth Tin Agreement.

Datuk Leong is the most senior Malaysian leader so far to criticise the U.S. negotiating position. This reflects growing frustration in Malaysia, which takes a moderate line at commodity negotiations, over what it considers to be the "obstructive" methods of the U.S.

The Malaysian Minister pointed out the U.S. has 200,000 tonnes of tin in its stockpile. A large buffer stock and the huge U.S. stockpile would have the effect of severely depressing tin prices and artificially lowering the price range "in a manner totally divorced from economic realities," he added.

Brazil lowers coffee crop estimate

BY RIK TURNER IN SAO PAULO

THE BRAZILIAN Coffee Institute (IBC) has reduced its estimate for the country's 1980/81 coffee crop by 1.7m bags, Sr. Octavio Rainho, President of the Institute, announced the cut on his return from Mexico where he had attended the inauguration of the Pan Cafe Producers Group.

The crop estimate has been cut to 19.5m bags, down from the 21.2m bags predicted by the IBC at the beginning of this year and a 1979/80 outturn of 21.6m.

Sr. Rainho said that up to the end of July, 8.5m bags are registered for export, of which 5.5m have already been shipped, bringing export earnings so far this year to $1.16bn. The Institute is known to have signed contracts for the export of its 1980 target of 15m bags, but Sr. Rainho has indicated his intention to increase this figure this year with a possible return to the 18m bags exported in former years. This will still be possible in spite of the reduction in the crop. The IBC has stocks of 6.5m bags and a further 4.2m bags are in private bands.

There is still no indication of frosts on the way, but if they do come as many people in the trade continue to expect, the effects would be particularly serious, given the IBC's vulnerable stocks position.

Our Commodities Staff writes: The London futures market, having anticipated the Brazilian revision, reacted calmly to the announcement, with prices actually moving lower at the opening yesterday. However, underlying support due to fears over the possibility of a further frost this year soon reversed the downturn, with the September position for robustas ending the day at £1,768.5 per tonne, a £27.5 gain on Friday's close.

Council looks at food output plans

BY A CORRESPONDENT

DAR ES SALAAM — The 36-member UN World Food Council (WFC) opens its sixth Ministerial session in the north Tanzanian town of Arusha tomorrow against a background of worsening food conditions in the Third World.

Delegates at the four-day conference will examine fresh proposals designed to stem the growing dependency of underdeveloped countries on Western food imports, and stimulate their own food production.

A council spokesman said if present trends continue, Third World countries will need to import 145m tons of grain, mainly from North America, Australia and West Europe, by 1990. They are at present importing more than 80m tons of foodgrain a year, or 10 per cent of their 1979-80 production at a cost of nearly £10m.

This week's talks will come under three main headings: food strategies, food entitlement schemes and famine contingency planning.

The "food strategy" approach to the problem, UN officials said, was promoted last year at a WFC conference and has since been adopted by 32 nations. Essentially it means the provision of a planned framework to tie together the indigenous food production, transport and nutritional needs of individual nations and enables aid donors to inject cash where it is most useful in raising food production.

A new report prepared for this week's conference examines various systems of rationing, subsidies and national distribution schemes under the general heading of food entitlements.

The report proposes the setting up of an international food entitlements scheme aimed at helping governments distribute what food is available by means of rationing or coupons while at the same time providing subsidy incentives for local farmers to increase production.

A third report to be examined by the ministers calls for an international foodgrain reserve of 12m tons to be kept off the market and only released in times of crisis. It also suggests the construction and stocking of emergency grain silos in potential famine countries and calls for pledges by donor countries to prevent panic when famine threatens.

Talks on grain embargo

CANBERRA — Mr. Peter Nixon, Australian Primary Industry Minister, will visit the U.S. and Canada next week to discuss the U.S. embargo on grain sales to the Soviet Union.

Mr. Nixon will meet U.S. Agriculture Minister Mr. Bob Bergland and other ministers with responsibilities in the international grain trade field in both Washington and Ottawa.

Australia has so far complied with the U.S. request to other grain exporting nations not to make grain sales to the Soviet Union which could offset any shortfall arising from the U.S. embargo, but is currently reviewing its position.

Although he has allowed existing Australian sales contracts to proceed, Mr. Nixon has blocked two planned sales of sorghum and one of maize.

Meanwhile the American Soyabean Association (ASA) and the domestic crushing industry are becoming increasingly concerned over widespread rumours that West European processors are crushing U.S. soyabeans and shipping the meal to the USSR.

An official at the ASA said at least 400,000 to 500,000 tonnes of meal may be involved, and that the total shipments from Europe to the Soviet Union could be as high as 1m tonnes.

BRITISH COMMODITY MARKETS

BASE METALS

PRICE CHANGES

In tonnes unless otherwise stated.

COFFEE

SOYABEAN MEAL

SUGAR

GRAINS

SILVER

WOOL FUTURES

MEAT/VEGETABLES

TEA AUCTION

COTTON

RUBBER

COCOA

LG. Index Limited 01-351 3466. Three month Silver 681/687.
29 Lamont Road, London SW10 0HS.
1. Tax-free trading on commodity futures.
2. The commodity futures market for the small investor.

CORAL INDEX: Close 411/416 (−3)

A FINANCIAL TIMES SURVEY

INVESTING IN COMMODITIES

JUNE 25 1980

The Financial Times proposes to publish a Survey on Investing in Commodities. The main headings of the provisional synopsis are set out below:

INTRODUCTION
COMMODITY FUNDS
OPTIONS
FORECASTING
COMMODITY MERCHANTS
REVIEW
U.S. FUTURES MARKETS

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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

The content, size and publication dates of Surveys in the Financial Times are subject to change at the discretion of the Editor.

AMERICAN MARKETS

NEW YORK, June 2.

per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, June 2.

Wheat—U.S. No. 2 Red Winter July $179, Aug. $181, Sept. $182. U.S. No. 2 Northern Spring, 14 per cent, June $193, July $194, Aug. $196, Sept. $197.50, Oct. $201, Nov. $204, Dec. $209. Rest unquoted.

Maize—Spot $144, June $135.75, July $137, Aug. $139.50, Sept. $141.50, Oct.-Dec. $145.50, Jan.-March $164 sellers, June $135.60 traded.

Barley—June $143.50, July $145.75, Aug. $148.

Soyabeans—U.S. Two Yellow Gulfports June $259.50, July $260, Aug. $262, Sept. $266.25, Oct.-Nov. $268, Dec. $273.25, Jan. $277.25, Feb. $282.75, March $285.50 sellers. Argentino June $253.50, July $254.25, Aug. $257, Sept. $262.50 sellers.

Soyameal—44 per cent protein U.S. afloat $222, May $221, June $220.50, July $221, Aug. $221.50, Nov.-March $238. Brazil Pellets afloat $227, May $225, June $224, July $225.50, Nov.-March $247.

PARIS, June 2.

Cocoa (FFr per 100 kilos)—July 1050, Sept. 1035-1050, Dec. 1060-1066, March 1106-1110, May 1110-1140, July 1120-1150. Sales at call 5.

Sugar (FFr per 100 kilos)—July 3400-3480, Aug. 3500-3510, Oct. 3618-3630, Nov. 3690, Dec. 3725-3735, March 3800-3840, May 3840, July 3850. Sales at call 13.

INDICES

FINANCIAL TIMES

May 30	May 29	M'nth ago	Year ago
208.25	207.93	274.60	273.22

(Base: July 1, 1952=100)

MOODY'S

May 30	May 29	M'nth ago	Year ago
1119.7	1110.3	1104.3	1060.1

(December 31, 1931=100)

DOW JONES

Dow Jones	May 30	May 29	Month ago	Year ago
Spot	423.64	425.32	423.82	390.51
F'tur's	448.54	451.31	429.91	396.26

(Average 1924-25-26=100)

REUTERS

June 2	May 30	M'nth ago	Year ago
1694.1	1710.0	—	1574.9

(Base: September 18, 1931=100)

Gilt-edged fall despite fresh call for MLR reduction

Oil and Golds enliven drab session in equity sectors

Account Dealing Dates

Options

*First Dealings	Declarations	Last Dealings	Account Day
May 12	May 28	May 30	June 9
June 2	June 12	June 13	June 23
June 16	June 26	June 27	July 7

* "New time" dealings may take place from 8 am two business days earlier.

Comment about the lack of scope for Gilt-edged securities and the likelihood of the new medium tap stock, announced last Friday, overhanging the market coupled with predictions that Minimum Lending rate would remain at its present high level until the late summer generated a nervous atmosphere throughout British Funds yesterday. Against this background, the market was extremely sensitive to offerings and long-dated stocks ended the day with falls ranging to just over a point. Mediums recorded losses extending to ¾ which made the terms of the proposed new issue even more unattractive.

Still lacking in investment incentive, equity markets remained subdued as the first day of the new trading Account got under way. Concern about UK economic prospects heightened following the latest FT Survey of Business Opinion, which concluded with mounting pessimism for the corporate sector and of a further rapid rise in unemployment. Although there was little stock on offer, leading industrials drifted lower in the continuing absence of support and the FT 30-share index closed 3.2 down at 412.7; threequarters of the fall, however, was accounted for by the combined dividend deductions of four index constituents.

Among the sectors, Oil shares provided one of the few areas of activity. A revival in buying interest was stimulated by hopes of a fresh round of crude oil price increases, reports of increased Middle East tension and speculation about the outcome of the North Sea licences' awards.

Another brisk trade developed in Australian mining issues and energy-related stocks, while South African gold shares made further progress on the back of the strengthening bullion price; the rise in gold was partly attributed to Middle East uncertainties.

The same buyer continued to show interest in Antofagasta Railway issues and the Preference rose 2½ points to £55 ex-dividend, while the Ordinary moved up a point more to £77.

Demand for Traded options improved slightly with a total of 739 trades arranged. This compares with Friday's 671, and last week's average of 579. Among the more active issues were Courtaulds, Land Securities and Lonrho.

Ottoman Bank jump

A lethargic banking sector was enlivened by the overseas Ottoman Bank, which jumped 9 points to £63 following speculative support ahead of possible developments at Thursday's annual meeting. Elsewhere, publicity given to a broker's favourable circular helped Lloyds and Midland improve 3 apiece to 290p and 320p respectively. NatWest closed 5 harder at 325p. Discount Houses eased in sympathy with gilts and Union closed 5 down at 445p. Hire Purchases were dull as hopes faded of an early cut in MLR. Wagon Finance relinquished 3 to 42p and London Scottish Finance cheapened 2 to 34p.

Still reflecting Friday's announcement that Marsh and McLennan's bid had gone unconditional, C. T. Bowring continued firmly at 163p, up a further penny. Composite Insurances drifted lower on lack of support. Eagle Star softened a few pence to 170p xd as did London United to 142p.

Interest in Buildings centred mainly on selected Timber issues. Fresh speculative support took Montague L. Meyer up to 103p before a close of a net 2 higher at 99p, while the sector's other bid favourite, Magnet and Southerns eased 4 to 158p and Travis and Arnold lost 8 to 242p. Buying ahead of tomorrow's annual results left Armitage Shanks 1½ firmer at 86p. The leaders gave modest ground for want of attention, Blue Circle closing 2 off at 314p and BPB 3 cheaper at 173p. Redland came on offer and shed 4 to 145p.

Sterling's effect on export profit margins left ICI vulnerable, but the price after slipping to 348p picked up late to close at 352p, or unchanged on the day. Among other Chemicals, Arrow eased 2 to 68p following adverse Press mention, while International Paint, a firm market of late on the good preliminary results, gave up a penny at 67p.

Comet dull

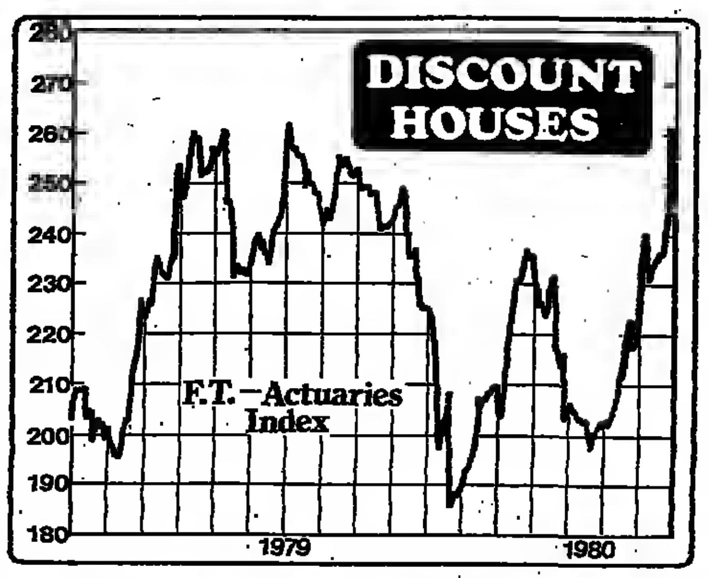
Business in leading Stores remained thin and, with the exception of GUS A, 4 down at 358p, most stocks hovered around Friday's closing levels. Among secondary counters, Comet Radiovision were sold in front of tomorrow's annual results and ended 5 lower at 74p. Currys fell a similar amount to 167p awaiting news of the annual meeting, and Moss Bros. lost 8 to 225p xd. The annual results of Martin The Newsagent were deemed a shade disappointing and the close was 2 lower at 194p. Forminster gave up 2 more at 128p, but revived speculative demand lifted Ratners (Jewellers) 4 to 51p.

Leading Electricals remained under pressure although quotations often finished a shade above the day's worst. GEC, down to 342p in the early business, rallied to close only 2 lower on balance at 344p. BICC regained an initial fall of 3 to end unchanged at 108p, but Thorn-EMI, a steady market of late, gave up 6 at 260p. Racal, annual results expected later this month, fell 4 to 231p. Selected high-fliers were again sold and Electrocomponents declined 5 more to 485p. Adverse comment clipped 6 from Farnell, at 246p, but Press mention was good for a rise of 6½ in Automated Security, 256½p. Henry Wigfall eased a few pence to 190p ahead of Thursday's preliminary results.

Engineerings plotted an irregular course in thin trading. Eva Industries stood out with a Press-inspired gain of 5 to 55p, while Johnson Firth Brown hardened a couple of pence to 40p for a similar reason. Chamberlin and Hill rose 6½ to 51p xd and Deritend Stamping advanced 7½ to 146p xd but Pegler Hattersley, preliminary results due on Thursday, eased 2 to 102p. Wadkin dipped 5 to 95p, while falls of 4 and 3 respectively were seen in Carclo, 69p, and Ransomes Sims and Jefferies, 145p. The leaders moved within very narrow limits with GKN easing a penny more to a 1980 low of 230p.

British Sugar shed 4 to 196p on selling prompted by worries that S. and W. Berisford's bid for the company would not succeed; the latter put on 8 to 137p. Movements in other Foods rarely exceeded a couple of pence in either direction. Bernard Mathews, however, were quoted ex the scrip issue at 175p up 5. Singlo held at 13½p; the price and chance published in last Saturday's issue were incorrect.

Hotels and Caterers reflected the general market malaise. Ladbroke lost 3 to 155p and Trusthouse Forte 2 to 168p. Grand Metropolitan, however, held at 130p, while De Vere improved 7 in a thin market to 207p on favourable Press comment.



European Ferries firm

Secondary issues provided the main focal points in miscellaneous industrials. European Ferries rose 8 to 137pxd in response to the chairman's encouraging annual statement, while National Carbonising gained 5 to 121p on Press comment. Following the publication of terms of the group's flotation of £2¾m worth of shares in its South West Consolidated Minerals subsidiary on Thursday, dealings were resumed yesterday in Dundonian; restarting at the suspended level of 74p, the shares improved to 79p before closing at 75p after a fairly lively trade. Comment on the long-term recovery prospects of the toy industry prompted penny improvements in both Airfix, 12p, and Lesney, 19p. Buyers' returned for Wilkinson Match, 10 higher at 115p, while renewed speculative interest lifted Booker McConnell 8 to 220p. On the other hand, nervous offerings ahead of Thursday's first-half figures left Burco Dean 4 lower at 30p. De La Rue, which report preliminary figures today, declined 20 to 620p, while Alfred Dunhill remained depressed by last week's poor results and fell 10 further to 285p. Applied Computers receded 15 to 305p and Letraset, the subject of recent adverse comment, declined 3 more to 108p. The leaders lacked investment support and drifted lower. Reed International lost 4 to 163p awaiting today's annual results.

Coral Leisure firmed 4 to 65p, after 66p, on speculative buying. Elsewhere in the Leisure sector, Pleasurama added a couple of pence to 143p awaiting Thursday's half-yearly results.

Reports of 2,000 redundancies being announced this week prompted dullness in Lucas, 5 off at 190p, and a slightly easier tone among other Components. Dowty gave up a couple of pence at 171p, while Automotive Products shed 3 to 57p. In Garages, Frank Gates added 2 to 41p after the increased annual profits and dividend, while British Car Auctions rose 3½ to 64½p. Henlys, on the other hand, fell 4 to 68p, while Appleyard, 43p, and Lex Service, 75½p, lost 2 apiece.

Newspapers were featured only by East Midland Allied Press which rose 4 to 81p, after 82p following pleasing annual results. Elsewhere, McCorquodale rallied 3 to 103p awaiting today's full-year figures.

Properties turned dull as hopes receded of a reduction in Minimum Lending Rate soon. With adverse Press comment an additional deterrent, Stock Conversion lost 12 to 390p, while Great Portland Estates, 226p, and Haslemere Estates, 318p, shed 4 apiece. Percy Bilton eased 5 to 190p despite the increased annual profits and property revaluation, while the lower revenue left Marlborough a penny off at 37p. Against the trend, Rush and Tompkins put on 14 to 208p on speculative buying fuelled by bid rumours. Losses among the leaders, which suffered a setback last week, were confined to a couple of pence with Land Securities closing at 325p xd and MEPC at 201p; the latter's half-yearly results are due today.

Oils move ahead

Interests in Oils picked up considerably. Buying ahead of Thursday's first-quarter figures lifted British Petroleum 10 to 344p, while Shell added 8 to 388p. Burmah rose 12 to 215p in response to favourable Press comment about Thistle Field production. Ultramar gained 14 to 354p and Tricentrol 10 to 356p, while LASMO attracted fresh speculative support and rose 32 to 680p, as did Siebens UK, 35 to the good at 910p. Attock put on 26 to 268p in a limited market and Century gained 11 to 165p, the latter following the sharply increased annual profits and 100 per cent scrip issue. Clyde Petroleum were quoted at 508p ex the rights issue, up 18; the new nil paid shares opened at 292p, touched 313p, and closed at 310p.

In Shippings, Manchester Liners eased 5 to 210p, after 200p on the disclosure that Mr. Frank Narby's Eurocanadian Shipholdings has sold its 37.6 per cent stake in the former to a subsidiary of C. Y. Tung.

Australians lively

Mining markets opened the new Account in much more subdued form, with the exception of Australians, which continued their upward surge. The sharp rise in the gold price to $558.50 helped Australian issues, but its effects were offset in South Africans by the news of renewed political unrest. The FT Gold Mines index, however, registered a rise of 6.4 to 339.2.

Australians maintained their buoyant tone, supported by strong London buying and the firmness of bullion. Poseidon put on 22 to 167p, Gold Mines of Kalgoorlie added 26 at 280p and Peko Wallsend were 20 better at 405p.

London Financials opened better but drifted back later to close at or near last Friday's levels. Consolidated Goldfields, 472p, Rio Tinto-Zinc, 370p, and Charter Consolidated, 144p, were all unchanged, but Selection Trust lost 10 to close at 638p.

South African Golds followed the rise in the bullion price, but interest was tempered by the unsettling political news. Although the tone was firm, there was little demand and prices were often below the best.

Vaal Reefs added ½ at £28½ and, among lower-priced stocks, Venterspost gained 47 to 701, while Western Areas put on 9 to 344p.

South African Financials followed the trend set by the Golds in quiet trading. De Beers were 8 better at 404p and General Mining added 20 to 780p, while Anglo American were unchanged at 575p; the latter's record results came after trading hours.

Platinums started the day somewhat better but eased later. Impala gained 9 to 274p, Rustenburg added 7 to 212p and Lydenburg were unchanged at 118p.

FINANCIAL TIMES STOCK INDICES

	June 2	May 30	May 29	May 28	May 27	May 23	A year ago
Government Secs.	67.11	67.70	67.67	68.05	68.69	68.06	73.93
Fixed Interest	68.12	68.42	68.43	68.38	68.58	68.19	75.30
Industrial	412.7	415.9	417.8	415.6	420.0	422.3	510.9
Gold Mines	332.2	332.3	324.4	332.3	317.7	310.1	194.2
Ord. Div. Yield	6.69	6.65	6.61	6.69	6.53	6.45	5.78
Earnings, Yld. % (full)	21.09	20.95	20.89	20.95	20.78	20.57	15.95
P/E Ratio (net) (*)	5.78	5.79	5.80	5.80	5.88	5.90	8.29
Total bargains	19,195	20,970	18,561	20,099	18,079	17,431	
Equity turnover £m		115.24	92.66	96.87	100.00	96.09	88.29
Equity bargains total		16,716	12,763	13,871	15,573	12,207	18,239

10 am 413.2. 11 am 412.4. Noon 413.1. 1 pm 412.7. 2 pm 412.7. 3 pm 412.7.

Latest Index 01-246 8026.

*Nil=5.39.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980 High	1980 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	69.26 (21/1)	65.88 (7/4)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	69.61 (21/1)	64.70 (18/3)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	476.8 (15/2)	408.9 (3/1)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	377.9 (16/1)	265.3 (18/4)	443.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	June 2	May 30
Daily—		
Gilt Edged	85.0	[illegible]
Industrials	[illegible]	[illegible]
Speculative	[illegible]	[illegible]
Totals	[illegible]	[illegible]
5-day Avge.		
Gilt Edged	[illegible]	[illegible]
Industrials	[illegible]	[illegible]
Speculative	[illegible]	[illegible]
Totals	[illegible]	[illegible]

NEW HIGHS AND LOWS FOR 1980

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1980.

NEW HIGHS (28)

BRITISH FUNDS (2)

Treas. Var. 1981 Treas. Var. 1982

FOREIGN BONDS (2)

Antofagasta Rly. Antofag. Rly. 5pc Pf.

BANKS (1)

Ottoman Bank

ENGINEERING (2)

[illegible]

FOODS (1)

[illegible]

INDUSTRIALS (2)

[illegible]

NEWSPAPERS (1)

E. Midland Allied Press

PROPERTY (1)

Rush & Tompkins

OIL & GAS (8)

[illegible]

MINES (5)

[illegible]

NEW LOWS (182)

AMERICANS (1)

BUILDINGS (5)

CHEMICALS (2)

DRAPERY & STORES (9)

ELECTRICALS (8)

ENGINEERING (25)

HOTELS (2)

INDUSTRIALS (28)

LEISURE (3)

MOTORS (5)

NEWSPAPERS (1)

SHIPPING (1)

SHOES (2)

TEXTILES (7)

TRUSTS (2)

OVERSEAS TRADERS (1)

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	3	83	3
Corpns. Dom. and Foreign Bonds	8	21	36
Industrials	206	352	845
Financial and Prop.	45	181	273
Oils	16	13	19
Plantations	2	[illegible]	[illegible]
Mines	84	19	[illegible]
Others	43	41	[illegible]
Totals	433	703	[illegible]

LONDON TRADED OPTIONS

Option	Ex'rcise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP	300	56	5	68	—	83	—	344p
BP	330	34	—	48	—	64	4	
BP	360	18	45	34	35	48	—	
Com. Union	130	8	—	14	—	18	—	129p
Com. Union	140	3	—	9	—	13	—	
Cons. Gold	460	36	4	60	—	74	—	472p
Cons. Gold	500	14	4	38	—	54	—	
Courtaulds	60	9	10	11	—	13½	—	67p
Courtaulds	70	3	103	5½	30	7	—	
Courtaulds	80	1	—	3½	21	5	—	
GEC	330	27	—	41	—	55	—	345p
GEC	350	11	11	24	[illegible]	36	—	
GEC	390	3½	—	12	10	[illegible]	—	
Grand Met.	130	7	—	12½	—	17	1	130p
Grand Met.	140	2½	—	7	—	11	—	
Land Secs.	280	53	—	70	—	—	—	325p
Land Secs.	300	38	6	58	10	64	—	
Land Secs.	330	11	58	38	52	44	—	
Marks & Sp.	70	15	30	—	—	—	—	88p
Marks & Sp.	90	2	—	5	—	8	—	
Shell	330	68	—	74	—	80	—	387p
Shell	360	36	17	48	6	60	—	
Shell	390	15	26	35	6	40	—	
Shell	440	4	10	12	6	16	—	
Totals			383		319		13	

Option	Ex'rcise price	August Closing offer	August Vol.	November Closing offer	November Vol.	February Closing offer	February Vol.	Equity close
Imperial Gp.	80	3	—	4	—	7	—	74p
Lonrho	70	13½	48	15½	1	18	—	79p
Lonrho	80	6½	87	8½	10	11	15	
Lonrho	90	3	—	5	7	7	—	
Racal Elec.	200	39	7	49	—	—	—	231p
Racal Elec.	240	13	5	26	5	34	—	
RTZ	280	100	1	—	—	—	—	371p
RTZ	300	39	10	48	3	65	—	
RTZ	330	16	1	33	5	47	—	
RTZ	360	5	—	15	—	—	—	
RTZ	460	4	—	8	1	16	—	
Totals			137		32		15	

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon., June 2, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri., May 30 Index No.	Thurs., May 29 Index No.	Wed., May 28 Index No.	Tues., May 27 Index No.	Year ago (approx.) Index No.
1 CAPITAL GOODS (172)	222.42	-0.5	19.72	7.22	6.28	223.58	224.08	224.44	226.99	246.85
2 Building Materials (28)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 Contracting, Construction (27)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4 Electricals (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5 Engineering Contractors (11)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6 Mechanical Engineering (74)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8 Metals and Metal Forming (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CONSUMER GOODS (DURABLE) (49)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
12 LT. Electronics, Radio, TV (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
13 Household Goods (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
14 Motors and Distributors (21)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CONSUMER GOODS (NON DURABLES) (172)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22 Breweries (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
23 Wines and Spirits (5)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
24 Entertainment, Catering (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25 Food Manufacturers (21)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26 Food Retailing (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32 Newspapers, Publishing (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33 Packaging and Paper (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34 Stores (42)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35 Textiles (24)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36 Tobaccos (3)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
37 Toys and Games (5)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41 OTHER GROUPS (99)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42 Chemicals (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
43 Pharmaceutical Products (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44 Office Equipment (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45 Shipping (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46 Miscellaneous (60)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49 INDUSTRIAL GROUP (492)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51 Oils (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59 500 SHARE INDEX	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61 FINANCIAL GROUP (118)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62 Banks (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63 Discount Houses (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
64 Hire Purchase (5)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65 Insurance (Life) (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66 Insurance (Composite) (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67 Insurance Brokers (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68 Merchant Banks (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69 Property (45)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70 Miscellaneous (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71 Investment Trusts (109)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81 Mining Finance (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91 Overseas Traders (19)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99 ALL-SHARE INDEX (750)	242.89	-0.3	—	7.03	—	243.60	243.56	244.35	246.09	250.97

FIXED INTEREST PRICE INDICES

	British Government	Mon., June 2	Day's change %	xd adj. today	xd adj. 1980 to date
1	Under 5 years	103.34	-0.30	0.35	4.37
2	5-15 years	108.16	-0.82	—	4.27
3	Over 15 years	111.95	-0.90	—	4.81
4	Irredeemables	127.83	-0.77	0.22	6.30
5	All stocks	107.99	-0.67	0.13	4.47

FIXED INTEREST YIELDS British Govt. Av. Gross Red.

			Mon., June 2	Fri., May 30	Year ago (approx.)
1	Low Coupons	5 years	12.35	12.21	9.91
2		15 years	12.28	12.18	[illegible]
3		25 years	12.28	12.15	11.07
4	Medium Coupons	5 years	14.21	14.04	11.50
5		15 years	13.95	13.83	12.08
6		25 years	13.83	13.69	12.09
7	High Coupons	5 years	14.33	14.16	11.77
8		15 years	14.29	14.15	12.35
9		25 years	14.22	14.07	12.32
10	Irredeemables		11.45	11.36	11.08

		Monday, June 2 Index No.	Yield %	Fri. May 30	Thurs. May 29	Wed. May 28	Tues. May 27	Fri. May 23	Thur. May 22	Wed. May 21	Year ago (approx)
15	20-yr. Red. Deb & Loans (15)	51.40	14.39	51.41	51.42	51.33	51.27	51.31	51.29	51.28	60.22
16	Investment Trust Prefs. (15)	47.68	14.17	47.68	47.68	47.62	47.64	47.64	47.64	47.64	52.41
17	Coml. and Indl. Prefs. (20)	61.80	14.60	61.80	61.80	61.97	61.87	61.87	61.77	61.74	73.98

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980 high	1980 low
LASMO	25p	16	680	+32	680	337
Burmah Oil	£1	14	215	+12	249	162
Premier Cons.	5p	11	94	+4	98	39½
BP	25p	10	344	+10	412	320
Shell Transport	25p	10	388	+8	410	314
Boots	25p	8	178xd	−2	[illegible]	158
Distillers	50p	6	184	−3	219	184
European Ferries	25p	6	137xd	+8	142	98
GEC	25p	6	338	−2	385	326
Marks & Spencer	25p	6	53	—	96	77
NatWest Bank	£1	6	325	+5	373	305
RTZ	25p	6	370	—	485	327
Rush & Tomkins	25p	6	208	+14	208	116
Ultramar	25p	6	354	+14	354	206
Grd. Metropolitan	50p	5	130	—	145	120

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
May 19	Jun. 6	Aug. 28	Sept. 8
Jun. 9	Jun. 20	Sept. 11	Sept. 22
Jun. 23	Jul. 4	Sept. 25	Oct. 6

For rate indications see end of Share Information Service.

Calls were dealt in Mallinson-Denny, LRC, Premier Oil, Rustenburg, Coral Leisure, Montague L. Meyer, Inveresk, Poseidon, Oil Search, Steaua Romana, Burmah, United Carriers, Charterhouse, Town and City, Pacific Copper, British Land, M. F. Kent, Nelson David, Lonrho, Giltspur, Southland, Grootvlei, Welkom and Stilfontein. Puts were arranged in Land Securities, Lee Cooper, Boots, Steaua Romana, Unitech and Berkeley Exploration. No doubles were reported.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p	+ or −	Div.	Times Covered	Gross Yield	P/E Ratio
85	F.P.	15/5	95	84	Amstrad Cons. Elect.	94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
‡	F.P.	[illegible]	[illegible]	[illegible]	Harmston Mng. Inc.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
55	F.P.	20/6	80	74	Home Farm Products	77	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
‡	F.P.	[illegible]	[illegible]	[illegible]	Lancaster (GM) 5p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
165	F.P.	[illegible]	91	81	Oakwood Group	81	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
100	F.P.	27/6	[illegible]	[illegible]	Peerless	94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price	+ or −
‡	Nil	3/6	31pm	11pm	Automated Sec. 8% Cnv. Uns. Ln. '95	21pm	[illegible]
£10	4/9	13	12	[illegible]	Folkestone & District Water 10pc Pref '85	[illegible]	[illegible]
§	F.P.	[illegible]	102	100	Mid Southern 10% Red Prf. 1985	[illegible]	[illegible]
‡	[illegible]	[illegible]	[illegible]	[illegible]	NSS Newsagents 10% Cnv. Uns. Ln. 1990-2000	[illegible]	[illegible]
§	F.P.	[illegible]	102	101	North Brit. Props. 9¾% Cov. Uns. Ln.	[illegible]	[illegible]
£10	4/9	11	10	[illegible]	South Staffs Water 11½% Red Prf. 1985	[illegible]	[illegible]
§	F.P.	9/5	93	91	Norwest Holst 11½% Red Cum Prf 1985	93	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p	+ or −
36	F.P.	1/5	150	120	Brent Chemicals	130	+1
65	Nil	22/5	13	12	Clifford's Dairies 'A'	13	[illegible]
300	Nil	[illegible]	[illegible]	[illegible]	Clyde Petroleum	310pm	+18
14	Nil	[illegible]	[illegible]	[illegible]	Eleco	[illegible]	[illegible]
37	F.P.	[illegible]	[illegible]	[illegible]	First Castle Secs.	[illegible]	[illegible]
115	Nil	[illegible]	[illegible]	[illegible]	Hawley Leisure	[illegible]	[illegible]
40	Nil	[illegible]	[illegible]	[illegible]	Lancaster (GM)	[illegible]	[illegible]
118	Nil	[illegible]	[illegible]	[illegible]	Linfood	[illegible]	[illegible]
128	Nil	[illegible]	[illegible]	[illegible]	Lloyds & Scottish	[illegible]	[illegible]
50	F.P.	[illegible]	[illegible]	[illegible]	Silverthorne	[illegible]	[illegible]
42	Nil	[illegible]	[illegible]	[illegible]	Pancontinental	[illegible]	[illegible]
20	F.P.	27/6	75	67	Rugby Portland Cement	[illegible]	[illegible]
140	F.P.	14/3	306	124	Unitech	[illegible]	[illegible]
110	F.P.	13/6	143	123	Walmoughs	133	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. †† Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 participating pref. shares and 1 ord. share at R3.50 per unit. † Dealings under special rule.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

King & Shaxson Mgrs.

Kleinwort Benson Limited

Lazard Brothers & Co. (Jersey) Ltd.

Lloyds Bk. (C.I.) U/T Mgrs.

Lloyds Bank International, Geneva

Lloyds International Mgmt. S.A.

M & G Group

Management International Ltd.

Midland Bank Tst. Corp. (Jersey) Ltd.

Samuel Montagu Ldn. Agents

Murray, Johnstone (Inv. Adviser)

Negit S.A.

Negit Ltd.

N.E.L. International Ltd.

Nat. Westminster Jersey Fd. Mgrs. Ltd.

Pacific Basin Fund

Phoenix International

Providence Capitol Life Ass. (C.I.)

Quest Fund Mngmnt. (Jersey) Ltd.

Richmond Life Ass. Ltd.

Rothschild Asset Management (C.I.)

Rothschild Asset Mgt. (Bermuda)

Royal Trust (C.I.) Fd. Mgt. Ltd.

Save & Prosper International

Schlesinger International Mngt. Ltd.

Schroder Life Group

J. Henry Schroder Wagg & Co. Ltd.

Sentry Assurance International Ltd.

Singer & Friedlander Ldn. Agents

Standard Chartered Intl. Bd. Fd.

Stronghold Management Limited

Surinvest (Jersey) Ltd.

Surinvest Trust Managers Ltd.

TSB Unit Trust Managers (C.I.) Ltd.

TSB Gilt Fund Managers (C.I.) Ltd.

Tokyo Pacific Holdings N.V.

Tokyo Pacific Hldgs. (Seaboard) N.V.

Tyndall Group

Unilife Assurance (Overseas) Ltd.

Union-Investment-Gesellschaft mbH

Utd. Intnl. Mngmnt. (C.I.) Ltd.

Van Cutsem & Associates Ltd.

S. G. Warburg & Co. Ltd.

Warburg Invest. Mngt. Jrsy. Ltd.

Wardley Investment Services Ltd.

World Wide Growth Management

Wren Commodity Trust

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury. 0296 5941

Abbey Amer. Gth. Tst.	[illegible]	49.8	-0.2	2.48
Abbey Capital	[illegible]	37.2	-0.1	[illegible]
Abbey General	[illegible]	[illegible]	-0.1	[illegible]
Abbey Gilt & F.I. Tst.	[illegible]	[illegible]	-0.1	[illegible]
Abbey Income	[illegible]	[illegible]	[illegible]	[illegible]
Abbey Intl. Bd. Tst.	[illegible]	[illegible]	+0.2	[illegible]
Abbey Inv. Tst. Fnd.	37.3	[illegible]	-0.1	[illegible]
Equitas Prog. Tst.	[illegible]	73.2	—	[illegible]

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt & Pref.	85.8	90.7	—	12.98

Allied Hambro Group (a) (g)
Hambro Hse., Hutton, Brentwood, Essex. 01-588 2851 or Brentwood (0277) 211459

Balanced Funds

Allied 1st	74.0	79.2	+0.1	6.69
Brit. Inds. Fund	[illegible]	71.3	+0.1	7.29
Growth & Income	41.2	44.0	+0.2	5.73
Elect. & Ind. Dev.	[illegible]	[illegible]	[illegible]	[illegible]
Allied Capital	[illegible]	[illegible]	+0.3	[illegible]
Hambro Fund	112.2	120.1	+0.4	6.72
Hambro Acc. Fund	140.9	150.8	-0.1	5.97

Income Funds

High Yield Fd.	[illegible]	66.4	-0.7	10.92
High Income	[illegible]	71.8	[illegible]	[illegible]
A. H. Eq. Inc.	[illegible]	[illegible]	-0.1	[illegible]
Govt. Secs.	[illegible]	26.9	-0.3	9.03

International Funds

International	[illegible]	30.2	+0.1	[illegible]
Pacific Fund	47.8	51.1	+0.5	2.41
Secs. Of America	56.6	60.6	—	2.31

Specialist Funds

Smaller Co.'s Fd.	47.0	50.3	-0.1	4.97
2nd Smlr. Co's Fd.	[illegible]	[illegible]	-0.1	[illegible]
Recovery Sits.	[illegible]	[illegible]	-0.3	7.05
Met. Min. & C'dty.	[illegible]	[illegible]	+0.5	[illegible]
Overseas Earnings	[illegible]	60.8	—	5.67

Exempt Funds

Far East Exempt	[illegible]	56.5	+0.3	[illegible]
Smaller Co. Exempt	[illegible]	73.1	-0.1	[illegible]
U.S.A. Exempt	[illegible]	[illegible]	+0.4	[illegible]

Anderson Unit Trust Managers Ltd.
158, Fenchurch St., EC3M 6AA. 623 9231

Anderson U.T.	54.4	58.8	—	5.44

Discretionary Unit Fund Managers
22 Blomfield St., EC2M 7AL. 01-638 4485

Disc. Inc. May 30	190.5	203.2	—	6.18

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	17.0	18.7	—	7.64
Gt. Winchester O'seas.	20.9	23.0	-0.2	4.79

Emson & Dudley Tst. Mngmnt. Ltd.
20, Albemarle St., W1. 01-499 7211

Emson Dudley Tst.	68.1	73.2	—	6.08

Equity & Law Un.-Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	71.1	74.8	—	5.71

Fidelity International Management Ltd.
62-63, Queen St., London, EC4R 1AD. 01-248 4991

American	[illegible]	24.3	+0.1	1.80
Fixed Interest	24.7	26.0	-0.1	[illegible]
Growth + Income	28.9	30.5	-0.1	7.80
Special Sits.	28.4	29.9	-0.1	3.36

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	27.8	29.8	—	2.37
Accum. Units	34.2	36.7	—	2.37
J. Finlay High Income	31.3	33.6	—	10.78
J. Finlay Euro.Fin.	21.0	22.6	—	4.90
Accum. Units	21.3	22.9	—	4.90
J. Finlay Fd. In. Tst.	35.0	[illegible]	—	[illegible]
Accum. Units	40.7	43.8	—	[illegible]

Prices on May 28. Next dealing June 4.

Framlington Unit Mgt. Ltd. (a)
64, London Wall, EC2M 5NQ. 01-628 5181

American June 2	50.6	54.0	+0.4	1.25
Am. 1 Growth June 2	[illegible]	53.6	+0.4	2.00
Capital Tst.	50.8	54.2	-0.2	5.70
(Accum. Units)	52.4	56.0	-0.2	5.70
Extra Income Trust	45.6	48.6	-0.4	11.08
Income Tst.	34.4	[illegible]	-0.2	9.42
Int. Growth Fd.	42.4	[illegible]	-0.2	2.60
(Accum. Units)	45.2	48.2	-0.2	2.50

Friends' Provdt. Unit Tr. Mgrs.♥
Pixham End, Dorking. 0306 5055

Friends Prov. Units	48.5	51.8	+0.6	5.20
Do. Accum.	68.4	73.1	+0.8	5.20

Funds in Court*
Public Trustee, Kingsway, WC2. 01-405 4300

Capital May 15	117.9	119.9	—	5.64
Gross Inc. May 15	75.8	78.4	—	11.61
High Yield May 15	86.9	90.9	—	10.42

*Unauth. Restricted to monies under Court control.

G.T. Unit Managers Ltd.♥
16 Finsbury Circus, EC2M 7DD 01-628 8131

G.T. Cap. Income	113.8	120.2	—	3.60
Do. Acc.	142.1	151.1	—	3.60
G.T. Inc. Fd. Un.	163.1	173.5	—	9.20
G.T. U.S. & Gen.	132.3	139.9	—	2.70
GT Wld. Bd. Fd.	92.4	96.2	—	5.70
G.T. Japan & Gen.	71.7	75.8	—	3.30
G.T. Pens. Ex. Fd.	239.2	251.7	—	3.00

ManuLife Management Ltd.
St. George's Way, Stevenage. 0438 56101

Mayflower Management Co. Ltd.
14-18, Gresham St., EC2V 7AU. 01-606 8099

Mercury Fund Managers Ltd.
30, Gresham St., EC2P 2EB. 01-600 4555

Midland Bank Group Unit Trust Managers Ltd.♥ (a)
Courtwood House, Silver Street, Head, Sheffield, S1 3RD.

Minster Fund Managers Ltd.

MLA Unit Trust Mngmt. Ltd.
Old Queen Street, SW1H 9JG.

Murray Johnstone U.T. Mgmt.♥ (a)
163, Hope Street, Glasgow, G2 2UH.

Mutual Unit Trust Managers♥ (a)(g)
15 Copthall Ave., EC2R 7BU.

National Provident Inv. Mngrs. Ltd.♥

National Westminster♥ (a)

NEL Trust Managers Ltd.♥ (a)(g)

Norwich Union Insurance Group (b)

Pearl Trust Managers Ltd. (a)(g)(z)

Pelican Units Admin. Ltd. (g)(x)

Perpetual Unit Trust Mngmt.♥ (a)

Practical Invest. Co. Ltd.♥ (y)(c)

Provincial Life Inv. Co. Ltd.♥

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Quilter Management Co. Ltd.

Reliance Unit Mgrs. Ltd.♥

Ridgefield Management Ltd.

Rothschild Asset Management (g)

Rowan Unit Trust Mngt. Ltd.♥ (a)

Royal Tst. Can. Fd. Mgrs. Ltd.

Save & Prosper Group♥

Schlesinger Trust Mngrs. Ltd. (a)(z)(g)

J. Henry Schroder Wagg & Co. Ltd.♥ (a)(c)

Scottish Equitable Fnd. Mgrs. Ltd.♥

Security Selection Ltd.

Stewart Unit Tst. Managers Ltd. (a)

Sun Alliance Fund Mngt. Ltd.

Target Tst. Mngrs. Ltd.♥ (a)(g)

Tower Unit Trust Mngt. Ltd.

Trades Union Unit Tst. Managers♥

Transatlantic and Gen. Secs.♥ (c)(y)

TSB Unit Trusts (y)

Ulster Bank♥ (a)

Unit Trust Account & Mgmt. Ltd.

Tyndall Managers Ltd.♥

INSURANCE PROPERTY BONDS

Abbey Life Assurance Co. Ltd.

Albany Life Assurance Co. Ltd.

AMEV Life Assurance Ltd.♥

Barclays Life Assur. Co. Ltd.

Beehive Life Assur. Co. Ltd.

Canada Life Assurance Co.

Cannon Assurance Ltd.♥

Capital Life Assurance♥

Charterhouse Magna Gp.♥

Chieftain Assurance Funds

City of Westminster Assurance

Commercial Union Group

Confederation Life Insurance Co.

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance

Crown Life

Crusader Insurance Co. Ltd.

Eagle Star Insur/Midland Assur.

Equity & Law Life Ass. Soc. Ltd.♥

Equity & Law (Managed Funds) Ltd.

Family Assurance Society

Gartmore Bonds

Assicurazioni GENERALI S.p.A.

General Portfolio Life Ins. C. Ltd.♥

Gresham Life Ass. Soc. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.♥

Guardian Royal Exchange

Hambro Life Assurance Limited♥

Hearts of Oak Benefit Society

Hill Samuel Life Assur. Ltd.♥

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson Ltd.

Langham Life Assur. Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London A'deen & Nthn. Mtl. Assur. Ltd.

London Indemnity & Gnl. Ins. Co. Ltd.

London Life Linked Assur. Ltd.

The London & Manchester Ass. Gp.♥

M & G Group♥

Manufacturers Life Insurance Co.

Merchant Investors Assurance♥

NEL Pensions Ltd.

NPI Pensions Management Ltd.

New Zealand Ins. Co. (UK) Ltd.♥

Norwich Union Insurance Group♥

Phoenix Assurance Co. Ltd.

Planned Savings Group

Prop. Equity & Life Ass. Co.♥

Property Growth Assur. Co. Ltd.♥

Providence Capitol Life Ass. Co. Ltd.

Provincial Life Assurance Co. Ltd.

Prudential Pensions Limited♦

Reliance Mutual

Rothschild Asset Management

Royal Insurance Group

Save & Prosper Group♥

Schroder Life Group♥

Scottish Widows' Group

Skandia Life Assurance Co. Ltd.

Standard Life Assurance Company♥

Sun Alliance Fund Mangmt. Ltd.

Sun Alliance Linked Life Ins. Ltd.

Sun Life of Canada (UK) Ltd.

Sun Life Unit Assurance Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.♥

Tyndall Assurance/Pensions♥

Vanbrugh Life Assurance♥

Vanbrugh Pensions Limited

Welfare Insurance Co. Ltd.♥

Windsor Life Assur. Co. Ltd.

OFFSHORE & OVERSEAS FUNDS

Albany Fund Management Limited

Alexander Fund

Allen Harvey & Ross Inv. Mgt. (C.I.)

Alliance International Dollar Reserves

Arbuthnot Securities (C.I.) Limited

Bank of America International S.A.

Banque Bruxelles Lambert

Barbican Managers (Jersey) Ltd.

Barclays Unicorn International

Bishopsgate Commodity Ser. Ltd.

Bishopsgate Progressive—Ldn. Agents

Bridge Management Ltd.

Britannia Tst. Mngmt. (C.I.) Ltd.

Brown Shipley Tst. Co. (Jersey) Ltd.

Butterfield Management Co. Ltd.

Capital International S.A.

Charterhouse Japhet

Clive Investments (Jersey) Ltd.

Cornhill Ins. (Guernsey) Ltd.

Craigmount Fund Inv. Mngrs. (Jersey)

DWS Deutsche Ges. F. Wertpapiersp

Delta Group

Deutscher Investment-Trust

Dreyfus Intercontinental Inv. Fd.

Emson & Dudley Tst. Mgt. Jrsy. Ltd.

The English Association

Eurobond Holdings N.V.

F & C Mgmt. Ltd. Inv. Advisers

Fidelity Mgmt. & Res. (Bda.) Ltd.

Fidelity Mgmt. Research (Jersey) Ltd.

First Viking Commodity Trusts

Fleming Japan Fund S.A.

Frankfurt Trust Investment-GmbH

Free World Fund Ltd.

G.T. Management Ltd.

Gartmore Invest. Ltd. Ldn. Agts.

Hambro Pacific Fund Mgmt. Ltd.

Hambros Fd. Mgrs. (C.I.) Ltd.

Henderson Baring Group

Hill-Samuel & Co. (Guernsey) Ltd.

Hill Samuel Invest. Mgmt. Intnl.

N.V. Interbeheer

International Pacific Inv. Mngt. Ltd.

Jardine Fleming & Co. Ltd.

Leopold Joseph & Sons (Guernsey)

Kemp-Gee Management Jersey Ltd.

Keyser Ullmann Ltd.

Continued on previous page

NOTES

Prices are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. [illegible]

Willett is building

A Trafalgar House Company

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

1980 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
52¼	42¾	Tr. 12pc '03-'05 (£50pd)	50½	–1¼	13.70	14.12
52⅞	42⅝	Treasury 5½pc '08-'12‡‡	45¾	–½	12.99	12.39
65⅞	57⅞	Treasury 7¾pc '12-'15‡‡	63⅝	–⅜	12.72	12.82
94⅝	85¼	Exch. 12pc '13-'17	88⅝xd	–¾	13.45	13.47

Undated

1980 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
33¾	29	Consols 4pc	31½	–¼	13.26	—
35¼	27⅞	War Loan 3½pc‡‡	32¼xd	–¼	10.98	—
37¼	32⅞	Conv. 3½pc '61 Aft.	34⅛	–⅛	10.44	—
25¾	21⅝	Treasury 3pc '66 Aft.	23¼	–¼	13.18	—
22⅞	17⅞	Consols 2½pc	20⅛xd	–⅛	12.29	—
20⅛	17⅛	Treasury 2½pc	19⅝	–¼	13.02	—

INTERNATIONAL BANK

1980 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
86	78	5pc Stock '77-82	85½	......	5.85	12.68

CORPORATION LOANS

1980 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
90	83⅝	Bath 11¼pc 1985	89¾	–¼	12.66	14.23
97¼	89½	B'ham 12¼pc 1985	93½xd	......	13.35	14.30
99½	95¾	Bristol 13⅜pc 1981	98½	......	13.96	15.76
96⅝	90	Burnley 13pc 1987	95⅞xd	–¼	13.56	13.92
89½	82¾	Cardiff 11pc 1986	87¾	–¼	12.68	14.21
95½	95	G.L.C. 12½pc '82	96	–¼	13.02	14.89
95	90¾	Do. 12½pc 1983	94	–½	13.30	14.90
89¼	82¼	Glasgow 9¼pc '80-82	88¾	–¼	10.42	14.90
71½	64½	Herts 6½pc 1985-87	71¼	–¼	9.77	13.63
85½	81¼	Liverpool 9½pc '80-84	85¼	–¼	11.31	14.41
27	25	Do. 3½pc Irred.	25¼xd	+½	13.92	—
95½	92¼	Lon. Corp. 13¼pc '83	96	–¼	13.88	14.74
87½	79¼	Do. 9½pc '84-85	87¼	–¼	10.78	15.00
74¼	71	L.C.C. 5½pc '82-84	74½	......	7.59	13.77
65	60½	Do. 5½pc '85-87	63½xd	–¼	8.63	13.69
66	60¾	Do. 6¾pc '88-90	65	–¼	10.81	13.72
25¾	21	Do. 3pc '20 Aft.	21¼xd	–¼	14.01	—
97¼	95⅜	Newcastle 9¼pc '78-80	97¾	......	9.46	16.98
95½	87¼	Sunderland 12¼pc 1984	92¾	–½	13.21	14.46

COMMONWEALTH AND AFRICAN LOANS

1980 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
87¾	82¼	Aust. 5½pc '81-82	87	–¼	6.39	14.30
79½	72½	Do. 6pc 1981-83	78¼xd	–¼	7.66	14.03
64	58	N.Z. 7¼pc 1988-92	60xd	+¼	11.95	14.32
78½	72	Do. 7½pc '83-86	74½xd	–½	10.82	13.74
93¾	88	Sth. Africa 9½pc '79-81	93½	–¼	10.24	15.21
150	107	Sth. Rhod. 2½pc '65-70	148	–2	—	—
167	133	Do. 6pc '78-81	160	–2	—	—

LOANS

Public Board and Ind.

1980 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
61½	56½	Agric. Mt. 5pc '59-89	59xd	......	8.41	12.62
80	73½	Alcan 10½pc '89-94	75xd	+½	14.00	14.80
28½	25	Met. Wtr. 3pc 'B'	27½	......	11.20	13.23
103	89	U.S.M.C. 9pc 1982	103	......	8.75	—
91	85½	Do. without Warrants	91	......	10.40	16.20

LOANS—Continued

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

1980 High	Low	Stock	Price	+ or –	Div. Gross	Cvr	Yld Gr's
740p	570p	Hawker Sid. Can.‖	675p	+20	96c	—	5.4
19¾	12⅜	Hollinger $5	14⅛	......	$2.20	—	5.9
11⅛	850p	Hudson's Bay ‖	920p	–15	$1.20	—	4.9
14¼	925p	Hud. B. Oil G. $2½	11⅝	+⅛	57½	—	1.9
21⅞	13⅛	Imperial Oil‖	14¾	+¼	$1.40	—	3.7
14	855p	Inco‖	920p	–5	72c	—	2.9
565p	425p	Int. Nat. Gas $1	495p	–5	$1.00	—	7.6
495p	305p	Massey Ferg.‖	305p	–5	—	—	—
200p	100p	Place Gas $1	130p	......	—	—	—
14⅛	10⅝	Rio Algom	10⅞	......	$1.50	—	5.2
17⅜	14½	Royal Bk. Can. $2	17⅜	+¼	$2.40	—	5.2
25½	15⅛	Seagram Co. C$1	22½xd	......	$1.10	—	2.2
11⅞	890p	Tor. Dom. Bk. $1	10¼	+⅛	$1.36	—	4.8
10½	815p	Trans Can. Pipe	835p	–15	$1.16	—	5.3

BANKS AND HIRE PURCHASE

1980 High	Low	Stock	Price	+ or –	Div. Net	Cvr	Yld Gr's	P/E
244	202	ANZ $A1	225	......	†022c	3.7	5.1	5.3
250	183	Alexanders D. £1	240	–3	16.0	—	9.[illegible]	—
£76½	£56	Algemene Fl.100	£62	–½	Q25%	1.9	[illegible]	6.6
365	290	Allen Harvey £1	350	......	21.5	—	[illegible]	—
128	96	Allied Irish	98xd	–½	Q8.93	—	9.[illegible]	—
17	13	Ansbacher (H.) 5p	14¼xd	......	0.15	—	[illegible]	—
235	180	Arbuthnot L. £1	228	......	†10.42	—	[illegible]	—
360	283½	Bk. Ireland £1	285xd	+1½	Q23.51	—	8.[illegible]	—
£162	£142	Do. 10pc Conv.	£142	......	Q10%	—	†7.[illegible]	—
*8	5	Bk. Leumi $0.1	6	......	Q11.4%	—	1.[illegible]	—
120	100	Bk. Leumi (UK) £1	120	......	8.57	—	10.[illegible]	—
178	137	Bk. N.S.W. $A1	138	......	Q16c	♦	6.[illegible]	♦
305	235	Bank Scotland £1	238	......	15.0	5.1	9.0	3.0
£21	£16¼	Bankers N.Y. $10	£20⅞	......	Q$3.30	—	7.1	—

BANKS & HP—Continued

Hire Purchase, etc.

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MINES—Continued

Australian

Tins

Copper

235	130	Messina R0.50	182	......	m010c	♦	3.1

Miscellaneous

170	78½	Anglo-Dominion	165	−5	—	—	—
97	56	Barymin	57	+1	—	—	—
17	12	Burma Mines 10p	17	+3	0.62	1.1	5.3
502	320	Cons. Murch. 10c.	330	......	M0100c	1.8	17.3
585	325	Northgate C$1	375	+15	—	—	—
485	327	R.T.Z.	340	−30	15.0	3.2	6.3
33	16	Robert Mines	24	......	—	—	—
58	26	Sabina Inds. C$1.	32	+1	—	—	—
650	411	Tara Exptn. $1	420	−10	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- †† Unlisted security.
- ≠ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ▼ Excluding a final dividend declaration.
- ♣ Regional price.
- ∥ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	29	......
Bertam	17	−2
Bdg'wtr. Est. 50p	410	......
Clover Croft	60	......
Craig & Rose £1	£10½	......
Fife Forge	32½	−½
Finlay Pkg. 5p	18	......
Graig Ship. £1	£14	−½
Higsons Brew	78	......
Holt (Jos) 25p	252	......
I.O.M. Stm. £1	180	......
Pearce (C. H.)	455	......
Peel Mills	40	......
Sheff. Refrshmt	103	......
Sindall (Wm.)	140xd	−2½

IRISH

Conv. 9% '80/82	£89⅛	......
Nat. 9¾% 84/89	£76	......
Fin. 13% 97/02	£89¼	......
Alliance Gas	48	......
Arnott	360	......
Carroll (P.J.)	50	......
Clondalkin	120	......
Concrete Prods.	75	......
Helton (Hldgs.)	36	......
Ins. Corp.	245	......
Irish Ropes	55	......
Jacob	37	......
T.M.G.	90	......
Unidare	94	......

OPTIONS
3-month Call Rates

Industrials

A. Brew	0
BOC Intl.	6
B.S.R.	5
Babcock	12
Barclays Bank	30
Beecham	13
Blue Circle	25
Boots	17
Bowaters	16
B.A.T.	25
Brown (J.)	7
Burton 'A'	22
Cadburys	5½
Courtaulds	8
Debenhams	8
Distillers	21
Dunlop	5½
Eagle Star	14
F.N.F.C.	2½
Gen. Accident	22
Gen. Electric	30
Glaxo	40
Grand Met.	12
G.U.S. 'A'	30
Guardian	23
G.K.N.	22
Hawker Sidd	16
House of Fraser	12
I.C.I.	32
"Imps"	7
I.C.L.	45
Inveresk	5
Ladbroke	15
Legal & Gen.	14
Lex Service	10
Lloyds Bank	24
"Lofs"	3½
London Brick	6
Lucas Inds.	20
"Mams"	14
Mrks. & Spncr	9
Midland Bank	30
N.E.I.	5
Nat. West. Bank	32
P & O Dfd.	9
Plessey	16
Racal Elect.	20
R.H.M.	4½
Rank Org.	18
Reed Intnl.	17
Sears	5½
Tesco	7
Thorn	25
Trust Houses	14
Tube Invest.	27
Unilever	40
U.D.T.	6
Utd. Drapery	9
Vickers	14
Woolworths	6½

Property

Brit. Land	7
Cap. Counties	9
Land Secs.	25
MEPC	17
Peachey	13
Samuel Props.	12
Town & City	2

Oils

Brit. Petroleum	38
Burmah Oil	28
Charterhall	12
KCA	11
Premier	12
Shell	35
Tricentrol	35
Ultramar	50

Mines

Charter Cons.	18
Cons. Gold	52
Lonrho	12
Rio T. Zinc	35

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 32

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

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FINANCIAL TIMES
Tuesday June 3 1980

WORLD LEADERS IN ARTICULATED TRUCKS
DJB ENGINEERING LTD., Peterlee, Co. Durham.

Alfred Herbert to sell subsidiary

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

THE RUNDOWN of Alfred Herbert, the State-owned machine tool group, continued with the announcement yesterday of "an understanding" to sell Herbert Tooling, a profitable subsidiary with 1,000 workers and an £18m turnover.

Clarkson International, a subsidiary of Thorn EMI, based at Nuneaton, hopes to conclude a final agreement for the purchase by the end of this month.

Mr. Walter Lees, chief executive of Alfred Herbert, said last night talks were also under way for the possible sale of other parts of the group. He thought the company might eventually be reduced to merely the Edgwick machine tool site at Coventry, currently employing 950 workers and with a projected turnover of around £24m.

Herbert, once one of the world leaders in machine tools, had a workforce of about 15,000 in the mid-1960s.

Mr. Lees said resources had to be concentrated in high-technology machine tools. The future of the company lay at Edgwick where three new numerically controlled machines had recently been launched. The range of products was good and orders were coming in, he said.

The National Enterprise Board, which owns Alfred Herbert, told the company it could not expect any more money. In the five years since Herbert was rescued by the Labour Government, it has received £43m in public money, £18m of it to pay off pre-nationalisation debts.

Mr. Lees said the sale of Herbert Tooling, which manufactures, distributes and sells small tools, would be "to the benefit of everyone concerned." The company's activities were complementary to those of Clarkson which employs around 3,000 workers and manufactures engineering cutting tools. Clarkson would retain both the Herbert management and workforce, said Mr. Lees.

Other Herbert subsidiaries are also heing sold.

Though he would not reveal the possible purchaser, Mr. Lees said talks were "relatively well advanced" for the sale of the Mackadoo Lane machine tool factory, at Birmingham. The plant employs 600 and makes single and multi-spindle machines.

Talks are also continuing for the sale of Herbert Sigma, a profitable Letchworth-based subsidiary which employs 300 and makes measuring and inspection equipment.

The company has already agreed in principle to sell its profitable Lutterworth machine tool factory to De Vleig, of the U.S.

The Red Lane plant, Coventry, was sold recently. Herbert Numerical Controls, making equipment for the machine tool industry, is to close its Surrey factory with the loss of around 80 jobs.

EEC may speed up plan for Mid-East peace talks

BY JOHN WYLES IN BRUSSELS

THE EEC may try to launch its long-awaited Mid-East peace initiative through the so-called "Euro-Arab dialogue" following President Carter's weekend warning that the Europeans should steer clear of the issue for the time heing.

There was considerable irritation, blended with curiosity in EEC capitals yesterday, after the President's blunt threat to veto any move they might make in the UN Security Council which would risk undermining the Camp David accords.

As a result, the EEC heads of government will discuss at their summit in Venice next week the possibility of holding a first ministerial-level meeting with the Arab League since the Euro-Arab dialogue was created nearly six years ago.

Palestinians have formed part of the Arab League delegation to the dialogue and a ministerial level meeting would take the Nine closer to formal recognition of the Palestine Liberation Organisation than ever before.

There is no suggestion yet that the Community is ready to sit down with Mr. Yasser Arafat, chairman of the PLO. But it has not escaped anyone's notice that Mr. Arafat takes over the Arab League Presidency in September and that it would be better for the first overtures to be played before then.

The dialogue has been silenced since the League split in 1978 after Egypt signed the Camp David accords. But in the last few months discreet discussions between the EEC and the Arabs have been focusing on a possible re-launch of the dialogue with the Arab League's Tunis-based majority.

If the Venice summit decides to re-launch the dialogue on the basis of discussions between Ministers then the significance could be enormous. It would almost certainly signal a readiness on the part of the Nine to abandon its consistent rejection of Arab requests that the dialogue should embrace the Arab-Israeli question.

At this stage it is not clear what the Europeans would be seeking from the Arab side but a declaration covering Israeli sovereignty and security in return for recognition of Palestinian rights to autonomy could be part of the objective.

The Venice summit has long been expected to make some declaration on the Middle East question, not least because the Europeans have lost faith in the Camp David process.

But the effect of President Carter's public warning could be to push the Nine heads of government somewhat further than they might otherwise have gone. An ineffective declaration from Venice would be seen by several leaders, notably President Valery Giscard d'Estaing of France, as an unacceptable loss of face.

Shell starts round of petrol price rises

BY MARTIN DICKSON, ENERGY CORRESPONDENT

A NEW ROUND of petrol price rises began at midnight. Shell, the joint UK market leader, added 2.41p a gallon to its wholesale prices—equivalent to about 3p a gallon at the pump.

The increase will take the average pump price of a gallon of Shell four-star to about £1.37.

The company is also raising the price of its other oil products. The wholesale price of commercial derv goes up 2.05 a gallon, standard grade hurning oil by 2.73 and gas diesel oil by 2.05.

Shell is the first large oil company to raise its prices after last week's increase in the cost of North Sea crude. Other companies are expected to follow suit.

Only two to three weeks ago the leading companies, including Shell, increased prices by the equivalent of 2p to 3p at the pump.

Other leading companies said last night they were still reviewing their prices in the light of the North Sea increases.

There were suggestions that some might try to hold down prices until after the Organisation of Petroleum Exporting Countries summit meeting in Algeria. This is scheduled to begin on June 9 and could mean another round of producer price rises.

The petrol price increases of the past few weeks stem largely from Saudi Arabia's decision on May 14 to add $2 a barrel to its prices to try to restore pricing unity to OPEC.

The move backfired, setting a price increase by other OPEC members. These in turn led the British National Oil Corporation to increase the price of North Sea crude by $2 a barrel.

OECD counts cost of oil

As a direct result of oil price increases, member countries of the Organisation for Economic Co-operation and Development will suffer a loss of real income of about $150bn, equivalent to 2 per cent of GNP. But the economic slowdown during the second half of this year will add another $250bn to this sum, bringing the total loss in income to $400bn, the OECD believes, writes Robert Mauthner.

But the OECD believes that the Western industrialised nations face no more than a mild recession in the second half of this year and the first half of 1981.

Mr. Emile Van Lennep, the Organisation's Secretary-General, said the industrialised countries appeared to be in a better position today to absorb oil price increases than their economies than they were in 1974-75.

New chief for Antony Gibbs

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

MR. DAVID MACDONALD, a leading City merchant banker and former Director-General of the Takeover Panel, is expected to become the next chief executive of Antony Gibbs, the small merchant bank recently acquired by the Hongkong and Shanghai Banking Corporation. His appointment is expected to be agreed at a Gibbs board meeting tomorrow.

It was announced over the week-end that Mr. MacDonald would be resigning from the board of Hill Samuel, the accepting house and financial services group which he rejoined only last year after serving at the Takeover Panel.

Mr. MacDonald will succeed Sir Philip de Zulueta, Antony Gibbs's present chairman and chief executive. Sir Philip, 55, a former private secretary to three Tory Prime Ministers, will remain as a non-executive chairman of the bank, which was valued at £18m in the Hongkong and Shanghai takeover deal.

It is thought that Mr. Macdonald has been attracted to Gibbs by Hongkong and Shanghai's expansion plans for the business. The bank hopes to build up Antony Gibbs into one of the leading merchant banks in the City over the next decade. At present it is a relatively minor member of the City's merchant banking community.

About a month ago Antony Gibbs was asked to resign from the Accepting Houses Committee, a long-standing elite club for City merchant banks, as a result of its acquisition by the foreign-owned bank.

Apart from the attraction of running a merchant bank, it is may have been influenced by believed that Mr. MacDonald may have been influenced by some recent appointments at Hill Samuel.

Last month Sir Robert Clark, the Hill Samuel chief executive, announced that Mr. Christopher Castleman, until recently managing director of Hill Samuel's South African subsidiary, was to be his successor. At the same time it was announced that Mr. Richard Lloyd was to become chief executive of Hill Samuel and Co., the accepting house part of the group. Mr. MacDonald, Mr. Castleman and Mr. Lloyd had been deputy of the group.

Mr. MacDonald, 44, is a solicitor. He had worked at solicitors Slaughter and May with Sir Robert Clark before they both moved into merchant banking.

Bamfords to go into voluntary liquidation

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

BAMFORDS, one of Britain's oldest makers of agricultural machinery, is to go into voluntary liquidation.

Shares in the company were suspended 10 days ago, and the directors say there is little likelihood of anything being available for ordinary shareholders.

The company employs 580 people at its factory in Uttoxeter, Staffordshire, although 93 of these were dismissed last month following a six weeks strike at the plant.

Redundancy notices have not yet been issued to the remaining employees but consultation with the unions will begin shortly.

Bamfords has been trading at a loss for at least the past 18 months. A complete review of the company was undertaken by independent consultants, and the board took advice from Hambros Bank.

It was decided that a substantial injection of capital was needed, and that even then the company's long term future would not be assured.

A statement from Bamfords yesterday said: "Without the prospect of an immediate injection of capital the company's bankers have indicated that they cannot grant the additional facilities which the board and its advisers believe necessary for the company to continue trading."

Bamfords was established in 1871, and pioneered the steel plough and the cylinder lawn mower. In recent years, however, it has failed to capitalise on its early successes and has turned increasingly to importing machinery or manufacturing under licence rather than developing its own products.

In haymaking machinery it has been overtaken by Continental developments, all factors leading to the company having an inadequate line of products to compete against other specialised manufacturers.

In addition, one of Bamford's main products is the baler, which has suffered from weak demand in the past couple of years. It is also a product in which Bamfords is in competition with the multi-nationals.

They too have had to adjust their capacity in line with falling demand. The UK market for most types of agricultural equipment, including tractors, has been depressed in recent months.

The ultimate holding company of Bamfords is Frederick H. Burgess, a distributor of agricultural equipment. Burgess, an unlisted company, holds nearly 60 per cent of the equity, and about 10 per cent is held by the Bamford family.

The Burgess stake was purchased originally as a means of blocking a bid for Bamfords by J. C. Bamford, makers of construction equipment. The bid failed, and Burgess has subsequently built up its stake over the past 10 years.

Weather

UK TODAY

CLOUDY in most places, but sunny periods developing in central and eastern England.

London; rest of England except Lake District, Wales, Channel Isles

Fog and drizzle, giving way to bright intervals. Cooler on coasts. Max. 21C (70F).

Elsewhere

Rather cool and cloudy, with some rain and fog. Max. 14C (57F).

Outlook: Unsettled, rain at times.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	18	66	Locarno	F	22	72
Algiers	S	22	72	London	C	16	61
Amsdm.	S	18	64	Luxmbg.	C	15	59
Bahrain	S	34	93	Luxor	S	44	111
Barcina.	F	19	66	Madrid	S	26	79
Beirut	S	24	75	Majorca	F	22	72
Belfast	R	15	59	Malaga	S	25	77
Belgrd.	C	20	68	Malta	S	21	70
Berlin	F	15	59	Mchstr.	C	15	51
Biarritz	S	20	68	Melbne.	C	15	59
Bmghm.	C	15	59	Milan	S	24	75
Blackp'l	R	17	63	M'ntreal	S	21	70
Bordx.	S	20	68	Moscow	F	26	79
Boulgn.	C	13	55	Munich	F	14	57
Bristol	C	15	59	Nairobi	C	21	70
Brussels	C	18	64	Naples	F	18	66
Budpst.	F	18	64	Nwcstl.	F	18	64
B. Aires	C	10	50	N. York	C	26	79
Cairo	S	34	93	Nice	S	22	72
Cardiff	R	14	57	Nicosia	S	23	73
Cape T.	S	17	63	Oporto	S	28	82
Chicago	C	21	70	Oslo	C	15	59
Cologne	F	17	63	Paris	F	19	66
Cpnhgn.	R	15	59	Perth	R	17	63
Dublin	R	16	61	Prague	F	15	59
Dbrvnk.	F	19	66	Reykjvk.	S	10	50
Ednbgh.	C	17	63	Rhodes	S	22	72
Faro	S	28	82	Rio J'o	C	28	82
Florence	F	22	72	Rome	F	21	70
Frankf't	F	16	61	Salzb'rg	C	11	52
Funchal	S	22	72	Singapr.	R	28	82
Geneva	F	13	55	Stckhm.	S	20	68
Gibrltr.	S	21	70	Strasb'g	C	16	61
Glasgow	R	13	55	Sydney	R	21	70
G'rnsey	R	13	55	Tehran	S	26	79
Helsinki	S	24	75	Tel Aviv	S	24	75
H. Kong	C	27	80	Tenerife	S	24	75
Innsbr'k	C	13	55	Tokyo	C	26	79
Invrnss.	C	19	66	Toronto	C	15	59
I. o. Man	R	12	54	Tunis	F	23	73
Istanbul	S	23	73	Valencia	S	24	75
Jersey	Fg	14	57	Venice	S	22	72
Jo'burg	C	17	63	Vienna	S	17	63
L. Plms.	S	23	73	Warsaw	R	9	48
Lisbon	S	29	84	Zurich	R	12	54

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

Canadians seek gold in Roman mine in Wales

BY KENNETH MARSTON, MINING EDITOR

THE OGOFAU gold mining area in Wales, first worked during the Roman occupation of Britain, is to be drilled in the next fortnight by a Cardiff University team acting on behalf of Canadian interests.

Anglo Canadian Exploration, a subsidiary of Quebec Sturgeon River Mines, and its financing partner Anglo Dominion Gold Exploration, hopes to find an extension of the gold deposits, which could be similar to those at the U.S. Homestake mine in the Black Hills of South Dakota.

The prospecting licence granted by the Crown Estate Commissioners to Anglo Canadian covers some 14 square miles in the vicinity of the old mine. This lies in National Trust ground about a half-mile south-east of the village of Pumpsaint, some 30 miles north of Cardiff, in Dyfed. All gold deposits in Britain are owned by the Crown.

In the early 1930s, Roman Deep Holdings carried out a fair amount of underground development.

The lease was transferred in 1937, to British Goldfields (No. 1), but the mine closed in 1938 because of financial and technical problems.

It may have yielded up to 1m ounces of gold—mostly to the Romans—but it is the surrounding area's possibilities that are now of prime interest. This has been intensified by the price of gold and advances in mining and metallurgical technology.

Dyfed County Council has given planning permission for the sinking of 10 drill holes. There are two major geological anomalies to be examined, the Allt Brunant north-east of the old mine site, and the Allt Ynysau to the south-west. Initial drilling will be done at the larger Allt Brunant.

Industrialists quit Games body

BY JAMES McDONALD

THE 100 leading British industrialists and businessmen who form the Olympic Appeal Council—established last year to raise money, mainly from big business, to send teams to the Moscow games in July — decided yesterday to withdraw from the council in support of the Government's stand against the Russian invasion of Afghanistan.

Sir Anthony Tuke, chairman of Barclays Bank and of the Appeal Council, announced after consultation with Sir Denis Follows, chairman of the British Olympic Association, that "the council have decided they must now stand down."

He said the industrialists and businessmen on the Appeal Council "have agreed that, in the present international situation, they cannot do other than support the Government of the day on a matter of foreign policy."

Sir Denis Follows said yesterday that he was "very sad" about the decision, "but I fully understand the present difficulties of big business. The members of Sir Anthony's council felt that they could not go against the Government."

Had there been no controversy over the Moscow games, the council would have been expected to raise about £300,000 towards the £1m originally needed for the UK contingent. Sir Denis said: "They would have done it easily. They were probably the best fund-raising council the British Olympic Association had ever had."

Mr. George Nicholson, the association's appeals secretary, said the council was just one group of people raising funds for the Olympics. So far £655,000 had been raised, with promises from organisations and local councils bringing the amount to about about £700,000. A further £200,000 is still needed to reach the new target of £900,000 which the association believes now may be enough to send a smaller contingent to Moscow, since a number of competitors have dropped out.

The Foreign Office said of the council's decision: "Obviously we are pleased. Anything which makes the boycott effective must be welcomed."

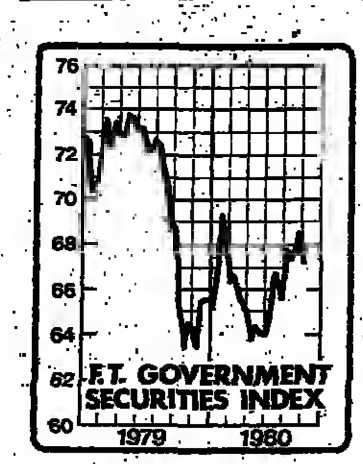
● Companies which contribute financially towards sending a British contingent to the Olympics may expect protests at their annual meetings if Sir Frederic Bennett, Conservative MP for Torbay, Lady Bennett and many of his friends are shareholders.

They are writing to the companies seeking an assurance that "no financial contribution has been made or will be made from any corporate source to the British Olympic Association intended to assist it in sending a 'British' team to Moscow."

THE LEX COLUMN

The good news and the bad news

Index fell 3.2 to 412.7



It might have been expected that the reduction in Britain's contribution—generally felt to be crippling — to the EEC Budget would be enough to take away the sour taste left in the financial markets by Friday's unwanted gilt-edged tap stock. After all, the authorities had been at pains to point out, at the time of the Budget, that the £8.5bn forecast for the 1980-81 public sector borrowing requirement was conservatively stated since it assumed that there would be no cut at all in payments to the EEC. The implication then was that any bonus from Brussels would bring the achievement of the medium-term strategy that much closer.

Perhaps no one believes PSBR forecasts any more, since the Budget estimate for 1979-1980 turned out a few weeks later to have been overshot by £0.7bn. And in any case, the reduction in the PSBR (which supposes the Government does not simply spend its £4bn rebate somewhere else) will do nothing directly to help monetary policy or bring lower interest rates, unless the domestic institutions are so impressed by the settlement that they fall over themselves to buy gilt-edged. Domestic credit expansion will be lower than it would otherwise have been, but the drop in the PSBR will be offset by a fall in external and foreign currency finance, and there will be no overall impact on sterling M3. Put another way, the amount by which the budget contribution has been reduced would have been financed by the overseas sector in any case.

What the lower contribution to the EEC will do, though, is increase the UK's surplus on the invisible account of the balance of payments and put further upward pressure on sterling. It is rather as though another oil well has been discovered, another dose of disastrously good news for British industry.

Volkswagen

With a quarter of Detroit's workforce laid off, even Volkswagen is beginning to feel the chill of recession and group pre-tax profits have fallen 19½ per cent in the first quarter compared with the same period in 1979. While deliveries of cars are up 5 per cent to 685,000 units, there has been substantial trading down by consumers. The lower margin associated with smaller cars is one element in the reduced profitability, while the Chrysler Brazil acquisition has contributed a small loss and profits in the U.S. and Mexico have declined. Against this, European results have been healthy.

Profitability has also been bit by the increased depreciation associated with the ambitious capital expenditure programme, although there are tax benefits. Capital spending worldwide is likely to be some DM12bn in the three years to the end of 1982 and this, together with the softer markets, will take its toll. The post-tax result for the year is not likely to be much improved on the 27 per cent decline in the first quarter. But with only Ford U.S. and General Motors exceeding VW's capital spending plans, the longer-term future looks bright. The share price dropped DM3.30 yesterday to DM182.20, about 1½ times last year's cash flow.

J. Sainsbury

The supermarketeers' concern before the last Budget that they might lose their favourable treatment over stock relief turned out to be unjustified, but perhaps only until the next time, and continuing caution is visible in the J. Sainsbury accounts. Whereas a year ago Sainsbury thought it necessary to provide only for £6m out of a total £25.5m of potential stock relief liabilities, this time the company is providing for £15.5m out of a total which has swollen to £34.2m. In contrast, there is only minimal provision against any clawback of capital allowances.

Meanwhile the company's actual tax payments last year appear to have amounted to no more than the ACT associated with dividends—some £3.6m on profits of £43.8m pre-tax. This helped Sainsbury to achieve a net cash flow from trading of some £43m, and this favourable position was further helped by trade creditors so that in piling up £35.6m in extra stocks (in the past two years the company has increased its stocks by no less than 96 per cent) Sainsbury enjoyed a net £43.9m of extra trade finance; thus working capital was a source of £8.3m in cash. It appears, however, that year-end stocks were exceptionally high, because of pre-Budget buying and the hoarding of canned goods during the steel strike.

This enviable cash flow enables Sainsbury to finance a very heavy expansion programme — capital spending reached £50m in 1979-80, and commitments are higher this year. For comparison, the much bigger Marks and Spencer spent only a modestly higher figure of £70.6m on fixed assets for the same year ended March. No doubt Marks would have spent more if it had not needed to make a handsome contribution of £76.6m to tax; but then, by a strange quirk, Marks' combination of high stockturn and relatively high net margin means that it gets no benefit from stock relief.

Marley

Marley's 29 per cent rise in first half pre-tax profits to £10.2m looks healthy but compares with corresponding 1978-79 results depressed by bad weather and the haulage strike. The current figures are mildly disappointing, partly because of declining growth in the DIY business in Britain and partly because of the high cost of money borrowed to buy sites for still more DIY stores; interest charges absorb a third of trading profits. The U.S. plastic housewares maker, Ingrid, acquired a year ago, will show a £1m loss for the year and the Wellington floor covering business is also still losing.

On the plus side: roofing tile volume grew by 18 per cent despite a 7 per cent drop in new housing, proof that the repair and improvement market is more than compensating for the scarcity of new roofs. In the second half interest charges will remain uncomfortably high and prospects are fading in the UK and Eire, but there should still be a small profits gain for the full year — perhaps to £24m. Despite the unpromising conditions, Marley pushed the interim dividend up by a third—taking the prospective yield to near 10 per cent at 51p—and the company seems impatient to grow by acquisitions as well as internal expansion.

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